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4 August 1983

WEST EUROPE REPORT

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PRIMARY ENERGY CONSUMPTION REGISTERS STEADY RISE

Madrid ABC in Spanish 13 Jun 83 p 59

[Text] For the fourth consecutive month the consumption of primary energy in Spain has been higher than in the previous year. This indicates that the period of a decline in consumption in absolute values, which began in 1980, seems to have come to an end, according to data supplied by the National Hydrocarbons Institute.

In February, gross domestic consumption of primary energy, which was 6.1 million TEP [Tons of Oil Equivalent], was 5.7 percent higher than in the same month of 1982, and during the period from March 1982 to February 1983, it was 2.8 percent higher than in the same period of the previous year.

The process of abrupt cutbacks in the use of petroleum in the structure of consumption according to primary energy sources does seem to have come to an end, based on data for real hydraulicity and for average hydraulicity as well. The lower use of oil, of water power (down 0.8 point), and of nuclear energy (down 0.6 point), was offset by a greater use of coal (2.7 points), while natural gas usage remained at the same level.

Domestic production of primary energy during February was 7.5 percent higher than the same month of 1982. There were absolute increases in oil and coal production, and a decline in the production of electricity from hydroelectric power. In the period from March 1982 to February 1983, the domestic production of primary energy was 5.7 percent higher than during the same period of the previous year. The rate of coverage of primary energy consumption by domestic production during this 12-month period was 34.3 percent, up 0.9 points over the preceding 12-month period. In an average year in terms of water availability, the coverage would be 35.8 percent. If we include the

petroleum production of Hispanoil abroad, the rate of coverage then rises to 40.9 percent during the 12-month period under consideration.

Petroleum: Slight Price Decline

In the international crude market, despite the amount of time that has elapsed since OPEC adopted its new price structure, there can still be no real certainty about the strength or weakness of this structure, since contradictory indications can be seen in the market. In April the official prices and spot prices drew closer together, as did the actual sale price of crude and its spot market price, giving the impression that the market had accepted the new price structure, at least for the next few months; nonetheless, during May there was a slight downward slippage in the spot prices of crude and of petroleum products. This creates some doubt about the strength of the current official prices.

In the oil industry, it is felt that the slight price decline is caused by the slight increase in OPEC's production, which in turn has been motivated by the strength shown in April of crude and petroleum product prices in the spot market. For this reason, it is believed that the price structure based on a reference price of \$29 per barrel is stable for an OPEC production level of 15 to 16 million barrels per day, and will begin to show some weakness at a production level of 17 million barrels per day. Given this situation, no mid-term forecasts about the status of the international crude markets are being ventured.

During March of this year, the amount of crude unloaded for Spain's market increased by 10.7 percent over the same month of 1982, thus breaking the downward trend seen in earlier months. During the period from April 1982 to March 1983, 39.4 million tons were unloaded for the Spanish market. This is 5 million tons less than the 43.4 million tons unloaded during the prior 12-month period [sic].

In the structure based upon areas of supplier countries, during the period under consideration the participation of Saudi Arabia continued to decline; its share of the market decreased from 31.1 percent to 19.6 percent, a reduction of 11.5 percent, while Iran's share of the market increased from 7.4 percent to 15.3 percent. The remainder of Spain's suppliers stayed at levels similar to those recorded during the previous year.

EVOLUCION DEL CONSUMO INTERIOR BRUTO DE ENERGIA PRIMARIA
MES DE FEBRERO

Unidad: ktep

(1) ENERGIAS PRIMARIAS	(2) AÑO 1983			AÑO 1982			(3) TASAS DE VARIACION 83/82		
	(4) Mes	(5) Acumulado Enero-febrero	(6) Acumulado 12 últimos meses	Mes	Acumulado enero-febrero	Acumulado 12 últimos meses	Mes	Acumulado enero-febrero	Acumulado 12 últimos meses
CONSUMO INTERIOR BRUTO DE ENERGIA PRIMARIA	6 088.0	12 461.3	72 392.9	5 759.8	11 836.8	70 391.5	5.7	5.3	2.8
— Petróleo (8)	3 762.0	7 402.6	43 488.2	3 328.2	6 582.9	43 247.1	13.0	12.5	0.6
— Gas natural (9)	183.4	400.4	1 935.5	185.7	354.2	1 884.1	- 1.2	13.0	2.7
— Carbon (10)	1 444.8	3 028.9	19 197.3	1 354.3	2 829.6	16 784.0	6.7	7.0	14.4
— Energia nuclear	201.3	425.2	1 969.7	203.4	434.0	2 315.4	- 1.0	- 2.0	-14.9
— Energia hidráulica	496.5	1 204.2	5 802.2	688.2	1 636.1	6 160.9	-27.9	-26.4	- 5.8

Changing Trends in the Gross Domestic Consumption of Primary Energy (Statistics for the Month of February) Unit: thousands of TEP

Key:

1. Primary energy sources
2. Year
3. Rates of variation 83/82
4. Month
5. Cumulative: January-February
6. Cumulative: past 12 months
7. Gross domestic consumption of primary energy
8. Petroleum
9. Natural gas
10. Coal
11. Nuclear energy
12. Hydraulic power

In reference to consumption, in March of this year the petroleum products distributed by Campsa and Butano declined 1.4 percent in relation to March of 1982. This decline, which in the case of fuel oil is 4 percent, has somewhat offset the price increases in these products, which have been caused by the greater use of petroleum to produce electricity. Consumption during the period from April 1982 to March 1982 was down 2.3 percent from the previous 12-month period.

As for the behavior of the domestic market according to types of products, the increase in the consumption of gasolines (2.6 percent) and diesel fuels (6.6 percent), and the decrease in fuel oil consumption (down 9.4 percent) have continued.

7679

CSO: 3548/446

SURVEY OF THERMOELECTRIC PLANTS IN NORTHWEST

Madrid LUZ & FUERZA in Spanish Mar-Apr 83 pp 5-18

[Text] An improved knowledge of the fields, combined with an incentives and price policy, has raised the forecasts of Spain's coal production from the level of 34 million tons in 1981 to a figure of approximately 41 million tons in 1990. Based on this forecast, the drafters of the National Energy Plan have estimated that coal would provide 21.3 percent of Spain's total energy needs in 1981, 24.3 percent in 1985, and 22.8 percent in 1990. To meet this demand, the supply of domestic coal will naturally have to be complemented by imports of foreign coal. These coal imports can be made more secure by taking participations in mining ventures abroad and by signing long-term supply contracts, thus continuing the policy that has already been begun.

If we compare the revised PEN [National Energy Plan] approved by the government in December 1981 with the proposals of the Energy Plan of 1978, the updating of the electricity programs has left practically unchanged the positions of nuclear power and hydroelectric power, and has reduced the use of oil, while the use of coal and natural gas is to rise. New energy sources play a complementary role in Spain's energy supplies.

In reality, 2 years after the PEN was first put into effect, it was necessary to bring it up to date, because of some decisive factors which had arisen in Spain's energy economy. One factor was that oil prices during those 2 years remained generally at a rate of increase higher than the forecasts used in estimating demand. At the same time, economic activity, measured through the growth in the PIB [Gross Domestic Product], evolved with a lesser degree of dynamism than expected. And finally, the application of a strict energy price and conservation policy caused a measurable decline in energy consumption.

In addition, the normal and satisfactory development of the scheduled energy activities during this 2-year period modified quite significantly the structure of the energy supply, by definitely reducing the use of oil and increasing coal usage, particularly for the production of electricity.

If to this situation, which in itself warranted a revision of the PEN in December 1981, we add the impact of the climatic disruptions from that time until the present, we will see that the role of coal in Spain's energy supply has become so important that not even the most accurate forecasts used in the 1981 revision could account for its present significance.

In the Record of Activities of the PEN, published in July 1981, it was reported that the use of coal for generating electricity, which had been 21.5 percent in 1979, rose to 29.1 percent in 1980, in accordance with the guidelines of the plan, based on a market analysis, a study of the available technologies, and on a detailed examination of the energy and economic situation both in Spain and throughout the world. The conclusions given were supported by the real situation during the first 2 years of the PEN. But precisely because of the validity of these initial conclusions, the December 1981 modification became essential, in strict compliance with the principles guiding energy policies in countries short of energy resources.

The actual slowdown in increases in energy consumption brought along with it a decline in dependence on oil, which was also helped by the utmost possible use of energy sources of Spanish origin, by the development of new energy sources, by the effective diversification of energy supplies, and by an increase in production efficiency.

The Role of Coal

Throughout these developments in the energy situation in Spain, coal has played, as we said, a principal role, and in the past 2 years, it has actually taken the leading role, because of the water shortage caused by the most severe drought suffered in recent times.

This water shortage has given even greater relevance to the PEN section which, in the 1981 revision, established that, of an investment of 2.4 billion pesetas required for the energy sector for the 4-year period from 1981 to 1984, 1.7 billion

should be used for electricity, and within this sector, the largest part of the investment should be applied to thermal power plants burning coal, and to improvements in coal mining. Coal mining investments for this period were set at 120,000 million pesetas.

The behavior of the weather has confirmed the validity of the PEN proposals and forecasts. So far Spain has not had to resort to electricity restrictions. Spain has thus been saved by this plan from further difficulties during one of the worst natural calamities of this century.

The truth of this statement becomes quite clear when we realize that the use of coal for generating electricity during a year of average rainfall, calculated for 1979 and 1980 at 21.5 and 29.1 percent, respectively, has risen to 33 percent in 1981 and 38 percent in 1982.

These data make the importance of coal in Spain's energy structure and the excellent performance of the electricity companies quite evident. Right now the power companies have about 10 coal-burning power plants near completion. These plants should begin service between 1984 and 1985, if the forecasts are met, with a total power of 3,500 MW. These new plants are part of the Accelerated Thermal Power Plants Program and are to use either domestic or imported coal. With the start of service of the plants of Teruel III, Puente Nuevo II, and Meirama in 1980, the power of the thermal power plants using coal at the beginning of 1981 was 6,430 MW, which was 16.3 percent higher than the capacity in 1979. This gives an idea of the extent of the program carried out by this sector under the PEN guidelines during the first 2 years it was in effect.

We should now look at the latest data we have. Based on the new installed capacity, and eliminating the plants removed from operation that year, the electricity capacity in Spain in December 1982, which was 35,599,172 kW, is broken down as follows:

a. Hydroelectric power:	13,832,415 kW	41.2%
b. Conventional thermal power:	17,716,158 kW	52.7%
c. Nuclear power:	2,050,600 kW	6.1%

With an increase in the conventional thermal power capacity from 52.4 percent to 52.7 percent.

As confirmation of this increasing use in recent years of conventional thermal plants, including oil-burning plants, but particularly of coal-powered plants, we can say that in 1981 three large solid fuel plants began to function. The plants were: Compostilla unit 4, with 230,000 kW; Lada unit 5, with 350,000 kW; and Alcudia II unit 1, with 125,000 kW. In 1982 Anllares, with 350,000 kW, and Alcudia I, two units burning lignite and oil, with 30,000 kW, opened.

In addition, in 1981 thermoelectric production solely from coal was 37,209 million kWh, a significant increase over the 1980 production, and in 1982 it was 44,500 million kWh, again a noteworthy increase over the 1981 level.

When these figures are included in the general energy context, conventional thermoelectric production, including oil-based, amounts to 78,486 million kWh in 1981, and to 77,800 million in 1982. The share produced by coal alone of Spain's total electricity production was 37,209 million kWh in 1981 and 44,500 million kWh in 1982, an increase of 19.6 percent in 1982 over 1981, just for solid fuel-based production. In 1982 electricity production using liquid fuels and oil showed a 19.7 percent decline in Spain's total electricity production. Thus, the increased production from coal lowered the oil-based electricity production by a similar amount.

Thermal Plants in the Northwest

Spain's electricity map is divided into six zones which define and distribute the activities of the companies in this sector, aside from the Canary and Balearic Islands. This division is made in order to avoid duplicating the generating capacities of the distributing facilities. This is an ideal, not a rigid, division, which also makes it possible to establish according to zones the production capacity of the companies located there, and makes it easier to allocate loads, transfers, and emergency assistance, by a process of coordination through the inter-connection circuits. This system prevents, or attempts to prevent, duplications in generating capacity and provides immediate assistance to zones lacking electricity, by providing energy from other zones with a surplus, in each case, time, and season of the year. This job is now being done by Aselectrica, which is composed of the companies in this sector under the strict control of the ministry of industry and energy, through a National Electricity Network. Aselectrica uses statistics compiled daily based on data sent from each zone to Madrid, where

Aselectrica is located, to prepare a daily load program for the power plants, indicating whether or not they should generate electricity, based on market needs and the potential of each zone. During this 2-year period, because of the lack of water in Spain's rivers, the thermal and nuclear power plants, but especially the thermal plants using solid fuels, have had to generate almost nonstop, reaching peak capacity, in order to distribute electricity to zones with a power shortage. This was done through the interconnection system.

The Northwest Zone occupies an important position in this electricity map, because of the amount of its installed capacity, and above all in 1981 and 1982, because of the vital need for coal-powered plants, many of which are located in the northwest, to generate electricity almost continuously.

The companies located in this zone have the best coal-powered thermal facilities. They are located in the mining regions of Puentes de Garcia Rodriguez (ENDESA); Meirama (FENOSA-UE); Asturias (Hidroelectrica del Cantabrico-Compania Electrica de Langreo-HE-Union Electrica); and Leon (Union Electrica). We could also add the Compostela plant, in the Center-North (ENDESA), even though it is not actually in the Northwest Zone.

In order to get an idea of the thermoelectric significance of the Northwest Zone, we need just realize that the thermal power installed in this zone made up 45.1 percent of the total power of the zone, while its hydroelectric power was 42.5 percent, since Galicia and Asturias also have a good hydrographic system, with a steady flow. If we compare the production of this coal-based electricity production in the Northwest with the rest of the coal-based production in Spain, we see that production in the Northwest by itself was over 55 percent of the total coal-based power production in 1981. This production is dependent on coal, and in that year, about 20,000 million thermal kWh were generated in the Northwest Zone, solely from coal. A final indication of the significance of the Northwest Zone in terms of Spain's electricity production is the fact that in 1981 the rest of Spain received from the electricity exchange program from plants in the Northwest, 11,283 million kWh, while the Northwest received only 3,421 million kWh from the rest of the country.

At present the Northwest Zone has four large fossil fuel plants burning lignite, and hard and soft coals, located at: Puentes de Garcia Rodriguez, Meirama, in Galicia: Narcea, Soto de

Ribera, Leon, Aviles, in Asturias; and La Robla, in Leon. In addition to these large fossil fuel plants, we can also include the Compostilla plant, even though, strictly speaking, it is not located in the Northwest Zone. This plant has four units; the last of these, with a capacity of 350,000 kW, was opened in 1981. This complex is owned by the National Electricity Enterprise (ENDESA), which also owns the Puentes de Garcia Rodriguez plant.

In conclusion, then, in the Northwest Zone there are solid fuel plants in Asturias, Galicia, and Leon. We will discuss only the four largest of the Asturian plants, listed in alphabetic order: Abono, Lada, Narcea, and Soto de Ribera, along with their power, production, and consumption characteristics. But we should also point out that with the projects now underway in Asturias, which should be completed in 1985-1986 with the start of service of these new units, 120,000 million pesetas will have been invested in Asturias, and the thermal power plants will then consume over 8 million tons of coal per year, costing more than 50,000 million pesetas a year. This means that production will have to be increased, in order to surpass the 6.3 million tons produced in the Asturian region in 1981. The use of this solid fuel, when the new groups begin to operate, will save 4 million tons of fuel oil.

Abono I

This plant, owned by Hidroelectrica del Cantabrico, is located near the towns of Gijon and Carreno, and now consists of one unit with a power of 350,000 kW, and a final annual production of 2,500 million kW. It burns coal and steel-process gas, amounting to a total of 850,000 TEC [Tons of Coal-Equivalent], which is the equivalent of 600,000 tons of oil. It is cooled by sea water.

This plant is being expanded by the addition of a new unit, Abono II, with a power of 540,000 kW for an annual production of 3,500 million kWh. This second unit will also burn coal and steel-process gas, consuming 1,100,000 TEC, equivalent to 750,000 tons of fuel oil. Abono II will begin to operate in 1985; the investment involved in this expansion program is 35,000 million pesetas.

Lada II, III, IV

This plant is located in the town of Langreo and is owned by the Compania Electrica de Langreo (Hidroelectrica Espanola).

The power of Lada II, III, and IV is 555,000 kW. The plant has a production capacity of 3,500 million kWh and a coal consumption rate of over 1,300,000 TEC, which is equivalent to 750,000 tons of oil. Lada burns coal and is cooled by river water.

Narcea I and II

This plant is located in Soto de la Barca, and is owned by Union Electrica. Narcea's two units now have a power of 220,000 kW, with a production capacity of 1,300,000 million kWh and an anthracite consumption rate of 500,000 TEC, the equivalent of 340,000 tons of oil. There is a major expansion project now in progress at Narcea, the construction of unit III, which will have a power of 350,000 kW, and will produce 2,100 million kWh. It will consume 730,000 TEC of coal, the equivalent of 500,000 tons of oil. Narcea III is expected to begin operating in 1984. Narcea is cooled by river water.

Construction of Narcea III is proceeding at a good rate. At the present time, 95 percent of the civil engineering and construction has been completed. The installation of the boiler is 85 percent finished, and hydraulic tests were conducted on 21 March 1983.

Installation of the turbogenerator is 60 percent finished, and 20 percent of the electrical installation has been done. In addition, 20 percent of the insulation installation has been completed.

Work on the pipelines is 25 percent completed, and 5 percent of the instrumentation and control work has been done.

The course of the basic and detailed work has proceeded in a routine manner, including engineering and the awarding of contracts for construction and services in the approximate amount of 2,300 million pesetas. At the end of the year the work contracted amounted to 88 percent of the updated investment budget. Among the jobs awarded were the assembly of the turboalternator and auxiliary equipment, electrical work, instrumentation and control, and insulation of the boiler and the pipes.

The civil engineering and assembly of this unit made substantial progress this year, with the following work done: total construction of the cooling tower, which is 85 meters high; pouring of the shaft of the stack, which is 200 meters in height; and construction of 66 percent of the intermediate internal platforms, along with the execution of the main turboalternator building,

with the exception of some architectural finishing, and the execution of the main part of the auxiliary building. Also proceeding at a good pace is the construction of the mill and hopper shed, the coalyard, and slag silos.

As for the equipment assembly and installation, we should mention the completion of all the pressurized parts of the boiler unit, which involved 12,000 tons and 37,000 welds. At the end of the year there was some finishing assembly to be done on the lower combustion chamber, and about 3,000 seal welds. In addition, the assembly of auxiliary boiler equipment, such as precipitators, ventilators, and mills, has progressed satisfactorily.

For the turboalternator and its auxiliary equipment, the condenser, low-pressure casing, and a number of pumps are in an advanced stage of assembly. Construction of the medium and high-pressure casings of the turbine and alternator is in progress, and their assembly should be completed during the summer of 1983.

Work is now in progress on assembling the single-phase transformers, the autotransformer, shielded substation, laying cable, and installing other equipment. The scheduled date for the start of service of this unit is still set for the first half of 1984.

Soto de Ribera I and II

This plant is located in the town of Ribera de Arriba. It is owned by Electra de Viesgo, Hidroelectrica del Cantabrico, and the Compania Electrica de Langreo (HE). The two Soto de Ribera units are cooled with river water, and their present power is 320,000 kW, with a production of 2,250 million kWh. The plant uses coal, 800,000 TEC, the equivalent of 550,000 tons of oil. In 1984 Soto de Ribera will connect a third unit to the national power system. Its power will be 350,000 kW, and its production by itself will be 2,450 million kWh. It will consume approximately 770,000 TEC of coal, equivalent to 530,000 tons of oil. The scheduled investment for Soto de Ribera III is 24,000 million pesetas.

In addition to these four large thermal power plants in Asturias, the Northwest Zone also has other important power plants in Galicia, such as Puentes de Garcia Rodriguez, Meirama, and Anllares. We will exclude Sabon from this list, as it now burns oil, though it can be converted to coal.

Puentes de Garcia Rodriguez

The mining and thermoelectric complex of Puentes de Garcia Rodriguez, located in the province of La Coruna, in the mining region of the same name, now has four large thermal power units with a power of 350,000 kW each, with a total power of 1,400,000 kW. The first of these units was opened in 1976, with a complete reorganization of the entire older part of the facility, and the other three were opened in the following years, in accordance with a complete plan for the modernization and expansion of the original facilities. These units burn lignite from the Puentes mines, and the entire mining-electrical complex is cooled by river water and cooling towers. It is owned by ENDESA. In order to give an idea of its magnitude, in 1982 Puentes generated 8,855 million kWh.

Anllares I

The Anllares I plant was opened in 1982, a few months ahead of schedule. It is owned by Fenosa-Union Electrica and is located in Leon. Its installed power is 350,000 kW, and it uses both soft coal and anthracite. It has cooling towers. This issue of LUZ Y FUERZA has a special report on this plant.

Meirama

Meirama, owned by Fenosa-Union Electrica, is a power plant located in another mining complex in the province of La Coruna. It burns lignite and is cooled by a cooling tower. Opened in 1980, Meirama has one unit with a power of 550,000 kW. In 1981 it generated over 2,182,464 kWh.

Final Remarks

There is one more thermal power plant in the Northwest Zone, which we will mention even though it now uses liquid fuel. This is the Sabon oil-powered plant owned by Fenosa-Union. It has two units of 120,000 kW (1972) and 350,000 kW (1975). Its production shows the sizeable decline in oil consumption under the PEN. In 1980 Sabon generated 1,531 million kWh, but in 1981, its production was cut to 921 million kWh.

With this plant included among the thermal power plants in the Northwest, the conventional thermal power installed in this zone amounts to 4,495,575 kW, which puts it in first place among the six electrical zones of Spain: Catalonia, Center-East, Center-North, Northwest, Aragon, and Andalucia. All together, they can produce 17,656,703 kW of thermal power, including nuclear power.

NORDIC AGRICULTURAL MINISTERS FORESEE CONTINUED SURPLUSES

Helsinki HUFVUDSTADSBLADET in Swedish 2 Jul 83 p 12

[Text] The Nordic countries will find themselves with mountains of meat and butter and other surpluses in agriculture at least for all of the 1980's. Experts agree on this prediction.

"The problem is quite simply that we are too efficient," one of the participants in the Nordic Congress for Agricultural Research in Esbo said.

And with an increase in production of about five percent a year in the Nordic countries' agriculture, the efficiency will become even greater.

The only exception to the vicious circle of surplus is Norway. Usually there is a balance in the country, but now the supply of animal products and vegetables is too large. But this change is regarded as temporary, and Finn Reisegg, chief of Norway's Agricultural Economic Institute, calculates that this will be over in two to four years.

In Finland, Sweden and Denmark agricultural overproduction is chronic, and agricultural researchers do not hesitate to call it a serious problem. But they express themselves much more carefully on solutions, and they have no illusions about the possibilities of getting rid of overproduction in this decade.

Lower Prices?

Professor Anton Hjortshøj Nielsen of the Royal Veterinary and Agricultural University in Copenhagen is inclined to recommend a combination of quotas and lower prices in Denmark.

"Denmark has a special position with its membership in the European Economic Community (EEC). But the fundamental problem, which is too much agricultural production, the country has in common with the rest of the north," Nielsen said.

He says that discussions have begun on putting quotas on production. This means that the farmers will get lower prices for amounts that exceed certain limits.

"But it will also become absolutely necessary to lower prices on agricultural products in general," Nielson claims.

In the end, workers must be taken away from agriculture, and then the problem arises of what to do with them, since several hundred thousand Danes are already unemployed.

Surplus Arises in Finland

"I think we will have a surplus in the future," Professor Lauri Kettunen of the Agricultural Economic Research Center said about the situation in Finland.

The surplus could be reduced by transferring resources from the production of milk, meat, and eggs to the cultivation of grain.

"The biggest problem in Finland is milk. The supply is 25 percent greater than home consumption. Since consumption is sinking at a yearly rate of one percent, the supply is either constant or rising somewhat," Kettunen explained.

The total surplus in Finland's agriculture is five to six percent. Since Finnish farmers must pay for the marketing of that part of the production that exceeds the limit, they are losing ten percent of their income today. "This is a serious problem," Kettunen said.

Half Speed is not Good

According to Professor Lennart Hjelm, Swedish agriculture is now going at half speed. "This is not good in the long run," he said. In the 1960's and 1970's the area under cultivation decreased while productivity increased. Industry and services absorbed those who quit farming.

"Now things are standing still," the professor said.

The area in use is just as large as in the middle of the 1970's. This means that in practice there is a surplus of 300,000 hectares.

In general, agricultural production in Sweden is ten percent over the demand, but for certain products the number can rise to 15 percent.

The countermeasures taken have been short-range in nature: taxes on commercial fertilizers and imported feed, and differentiated prices on milk.

In the long run only a decrease in the area and in labor will help, Hjelm stressed.

9124

CSO: 3650/242

SUCCESSIONS, SETBACKS IN ECONOMIC POLICIES

Duesseldorf WIRTSCHAFTSWOCHE in German 1 Jul 83 pp 10, 11

[Article: "Belgium: First Traces of an Economic Upturn"]

[Text] The austerity policies of the Belgian Government are now showing first modest successes. However, it's still a long time before the neighboring country will have overcome the crisis.

Almost exactly to the day, four years after his first installation as prime minister of Belgium, Wilfried Martens could be pleased with two accomplishments he himself was responsible for. In Paris, the OECD confirmed the first successful results of his strict austerity policies, and the critical central bank in Brussels lowered the discount rate by half a percent to 9 percent as proof of its confidence in the prime minister's economic policies.

In the four years, during which Martens formed five governments, the central bank's discount rate hadn't been that low. At the time, Martens had been the first postwar Belgian politician who told his countrymen the bitter truth, "Belgium has been living beyond her means."

The generosity of the state which used subsidies to solve its problems caused by the Walloon-Flemish conflict, had led the country to its most serious postwar crisis. The oil shock and global recession caused the growth rate of the Belgian economy to drop from the usual 5 percent in the early seventies to an annual 1.4 percent between 1975 and 1981. In 1982, Martens had Parliament vest him with special powers to deal with the crisis, and the social product declined by .7 percent. For 1983, the statisticians in Brussels expect once again a 1.4 percent decline. The state sought to overcome the low growth rate, which first became apparent in 1974, by increasing expenditures--a measure which took the country's finances to the brink of a catastrophe. While, in 1974, the government in Brussels was able to limit its borrowing in money markets to 85 billion Belgian francs, the state was looking for 623 billion Belgian francs in 1982, i.e., a 16.1 percent indebtedness of the gross social product.

Already in the late seventies, the economic planners in Brussels had to realize that the country was in jeopardy of losing its good name. And then, in 1982, the state was close to collapse. With debts totaling 3,330 Belgian francs, 79 percent of the gross domestic product was owned by creditors. Belgium was the country with the highest debts in the European Community.

It seemed the country was hardly in a position to help itself. In the late seventies, wages and salaries were higher than in any other EC country. Without mineral resources of its own, the country depends entirely on exports, but Belgian goods were becoming too expensive for customers abroad. The growth rate for industrial products dropped from 5 percent between 1960 and 1974 to 3.3 percent in 1982. The sorry state of the industry caused unemployment to skyrocket. Between 1974 and 1981 alone, 257,000 workers lost their jobs in the private sector. Today, 15.1 percent of the working-age population depends on state unemployment benefits; nowhere else in the nine EC countries are there so many jobless who are forced to rely on the state.

In view of these devastating statistics, the premier's assurances that there would be an economic upswing looked to many Belgians like downright mockery. Yet, despite his critics in the predominantly Walloon trade union federation FGTB, the Flemish premier repeated over and over again, "We are going to win the bet."

However, Martens's prospects to win and thus to survive politically depended on his ability to impose rigorous limitations on new debts. Year after year, he wanted to reduce new debts by 1.5 percent--a promise he could not keep. When the government submitted its budget proposal last May which showed that it had only been able to reduce its new debts by 1 percent, Budget Minister Philippe Maystadt explained that a "too-brutal restoration of the state's finances" could abort economic recovery.

But the stern observers of the global economy at OECD headquarters in the Chateau de la Muette in Paris had just certified publicly that Belgium was in a "favorable position to participate in the expected upturn." Indeed, the first tender buds of recovery had already been sighted.

In March of this year, sales rose by 5.4 percent and industry increased investments by 11 percent over last year's level. The drastic 8.5 percent devaluation of the franc which Martens undertook in response to pressure from the EC Commission in Brussels, had made Belgium's export industry more competitive.

Increased exports had long been overdue in view of Belgium's catastrophic trade balance. While, in 1974, Belgian imports exceeded exports by 60.0 billion francs, by 1982, the trade deficit had grown to 247.5 billion francs.

As a result of the devaluation, matters are improving--although slowly. Last year, the Belgians were able to increase exports by 2.25 percent in real terms. And the OECD observers in Paris--unlike the Belgians themselves--believe that growing exports will make it possible for the country to experience next year again a modest growth of 1.5 percent.

The productivity of the Belgian workforce will also have a positive effect on the future. Only the industrious Japanese with their 6.8 percent/hour productivity will outproduce the Belgians and their 6.7 percent/hour productivity. Also, for the first time since 1974 are fewer Belgian companies going bankrupt.

However, this is not yet the upturn since the Belgians do not have the purchasing power to revive the domestic market. True, the Belgians could read on their salary slips last April that their incomes had risen by about 5.7 percent, but they had lost 2.1 percent in purchasing power. In 1982, the Belgians could buy about 3.6 percent less for their money than the year before and must again be prepared to lose another 1.7 percent in real purchasing power this year.

In spite of this, the OECD recommends to Belgium's premier that he patiently continue his austerity policies. According to the Paris observers, they are "the only possible way to sustained improvement." Hence, prospects are good for Martens to win his bet.

7821

CSO: 3620/404

CORRECT FIGURES FOR FOREIGN DEBT, DEFICIT PROVIDED

Nicosia 0 FILELEVTHEROS in Greek 30 Jun 83 p 1

[Excerpt] The Ministry of Finance and the government in general are fully aware that our economy faces various problems, some of which are serious. For their solution measures have already been initiated while others are under consideration and will be introduced very soon. The existence of these problems, however, does not mean that our economy is about to crumble since the development rate remains satisfactory while the inflation rate is very low as is the unemployment percentage.

The above was pointed out by the minister of finance as a result of published reports. He added also that the report that our foreign debt is 500 or 700 million pounds is unrealistic and false. "The public foreign debt," he said, "in December of 1982--the last month for which available statistical data exist--reached about 206 million pounds. Only a slight increase is expected in 1983 because this year the net foreign borrowing by the state will be curtailed. During the same month [1982] the total foreign debt (public, semi-statal organizations and private) was about 330 million pounds and this too is expected to increase only slightly in 1983.

"Imaginary also are newspaper reports that the government is facing or will be facing in the fall liquidity problems or that foreign firms are unwilling to grant us loans."

The minister of finance pointed out also that completely untrue is the report that the fiscal deficit is 200 million pounds and that it continues to increase. Despite the special problems the drought has created, the 1983 fiscal deficit is not expected to exceed by much the amount of 70 million pounds or 6.2 percent of the gross national product.

The Ministry of Finance appeals to all newspapers, regardless of their political or ideological positions, to confirm the information and figures when they report on the economy and to avoid using any fortuitous data. The ministry itself is at their disposal for information and explanations.

7520
CSO: 3521/374

BRIEFS

FRUIT EXPORTS TO USSR--The Vine Products Council and the Soviet Trade Organization "Sayuzpletoimport" signed in recent days two contracts for the export of about 5,000 tons of Cypriot alcohol and 3,225 tons of black raisins (1982 harvest) valued at 3 million pounds. These products correspond to about 40 million okas of grapes and their loading is expected to start in the next few days. It is reminded that the same Soviet organization had purchased earlier this year 15,000 tons of unbottled wine, 373,000 boxes of bottled wine and 500 tons of must. /Text/ /Nicosia C FILELEVTHEROS in Greek 29 Jun 83 p 17 7520

CSO: 3521/374

FINANCIAL POLICY, ECONOMIC TRENDS EXAMINED

West Berlin DIW WOCHENBERICHT in German 23 Jun 83 pp 320-328

[Article: "Federal Republic of Germany: Financial Policy Brakes Prevent Upswing"]

[Text] After the disappointing development in the second half of the past year, an economic recovery has begun in the Federal Republic of Germany. The considerable pressures which had shaped the second half of 1982--the recession with respect to the demand for exports, the payment crises of important developing and East Bloc countries, and the continuing destabilization of the social-liberal coalition in the Federal Republic--have lost some of their significance, or no longer had an after-effect now. The real gross social product increased slightly during the first quarter of this year.

To be sure, in this stage, too, there has not been an increase in exports; on the contrary, they declined once again. Instead, however, notable impulses have come from the development of domestic demand for the first time in three years. The not inconsiderable increase in real private consumption, which resulted in spite of the depressed real income of private households, was most significant here in terms of macro-economic weight. The subsiding inclination to save on the part of private households in the presence of lower interest rates and a greater willingness to go into debt were decisive here. High stability of consumer prices had a supportive effect.

There was a strong increase in real investments for equipment. In so doing, a long shrinkage process has come to an end. This surely could be attributed to the more favorable financing conditions of investments only to a small extent. Of decisive significance were the effects of the increase in investment. Already immediately after the stack of orders that could be registered around the turn of the year in connection with the increase in investment, the enterprises increased their purchase of investment goods. Thus the investment activity contingent upon an increase in investment began sooner and was probably more pronounced than had been expected in many cases.

In the case of real investments in construction, on the contrary, the beginning of the recovery has not yet come. Taking into account the increase in the receipt of orders in the construction industry which has been continuing for about a year and the long delays in effect customary here, the economic increase in construction activity could have begun at the turn of the year.

Tentatively adjusted for influence of the weather, construction production has decreased until the end. Evidently the construction enterprises, whose order cushions had declined to a minimum, were determined to enlarge these inventories once again before they were prepared to undertake an upward revision of their production plans.

In part the stimuli emanating from the expansion of domestic demand benefited foreign countries: There was a distinct increase in the real commodity import during the first months of this year. The strong increase in the purchase of products for further processing indicates that influences relating to the stock cycle were also also played a role.

A further improvement in the terms of trade--the prices for exports remained constant on the average, import prices declined--contributed to the fact that the surplus of the trade balance, in spite of the divergent development of exports and imports, did not decline.

The overall economic tendencies of recovery probably continued to the middle of the year. Nevertheless the data present up to now once again indicate shifts in weight with respect to the individual demand components. Above all, it is likely that there was an increase in real construction investments. And at least no further negative influences emanated from the development of real exports. By contrast, it is less probable that private consumption continued to increase at the rate observed during the first quarter. In June, meanwhile, there in all likelihood advanced purchases of durables of high value because the value added tax rates are being increased at mid-year; nevertheless consumption is likely at best to have stagnated on the average for the quarter.

The real gross social product continued to increase slightly during the second quarter. Thus on the average for the first six months it was only approximately half a percentage point lower than during the corresponding period of the preceding year (the second half of 1982: -1.8 percent). For the situation on the labor market, the revival of production as yet had little significance: The number of unemployed, seasonally adjusted, has continued to increase and at mid-year amounted to 2.35 million. Only the extraordinarily high number of short-time workers during the winter months--in January almost 1.2 million--has declined perceptibly to 0.6 million.

Presuppositions of the Prognosis for 1983/84

The further economic development is determined by influences which do not all point in the same direction. In so doing, there is still a great deal of uncertainty concerning the strength with which the respective influences are becoming effective.

--The economic recovery of the Western industrial countries prognosticated in the international part of this investigation will exert a positive influence on German exports. What is missing though in this recovery is a strong increase of investments by enterprises, which would be of particular significance for the revival of German exports. Moreover, it is questionable how the exports to the other regions will develop. In any case, it is more

likely that retarding influences are to be expected from there, which are hardly likely to be overcompensated by the high foreign trade value of the U.S. dollar in comparison to the German mark.

- Like a year ago at about this time, the further monetary development in the Federal Republic has become more uncertain because of the renewed increase in interest rates. This increase in interest rates is not the result of a restrictive policy on the part of the Federal Bank, but a consequence of the increase in interest rates in the United States and the simultaneous increase in the exchange rate of the dollar. In so doing, the dollar became more attractive as an investment currency than already previously. For the prognosis it is assumed that the German Federal Bank will not avail itself of this constellation as an occasion to pursue a policy which is oriented to currency exchange rates, but that it will influence the development of the money supply in such a way that the central bank money volume gradually returns to within the target bounds, but than is expanded in accordance with capacity. In the presence of such a policy, too, the real interest rates in the Federal Republic would remain comparatively high.
- The development of costs and prices remains guarded in the Federal Republic. The wage round 1983, now nearing its end, has produced still lower settlements than that of a year ago. Since in the course of an economic recovery the increase in labor productivity becomes greater, there will only be a weak increase in the unit labor costs. Import prices, too, are at most likely to give rise to small cost-increasing effects during the coming period. The financing situation of the enterprises as a whole will improve.
- The investment activity of the enterprises, as already during the first six months of the year, will be strongly determined by the delivery of investment goods which were ordered at the turn of the year on the basis of the increase in investments. In the case of the investments for equipment, this will lead to a further distinct increase.
- Braking influences on the economic development emanate on balance from financial policy. Expenditures, in particular also public investments, will continue to be held back because of the aspired-to budget consolidation. In addition to this, there are the burdening effects of the increase in the value added tax and the increase in the contribution rates within the framework of social insurance. The tax decreases for enterprises, which are already in effect or are being planned, are furthermore structured in such a way that in most cases they do not constitute special inducements to increase investment.

Second Half of 1983: Continuation of the Recovery

If one tries to weigh these influences and if, in addition, one takes into account the development of new orders in the processing industry and in the construction industry, there are indications of a continuation of economic recovery for the second half of this year. In comparison to the development during the first half of this year, however, a strengthening of the recovery trend is not probable.

Already since the fall of the past year, there has been an upward trend in new orders from abroad. To be sure, the increase was not particularly pronounced, so that real commodity exports have not yet reacted correspondingly. But given the economic improvement in important Western industrial countries, the up to now weak demand impulses will grow stronger. In so doing, the commodity export is likely to recover from its depressed level. The upward trend that can be expected will emanate especially from the raw materials and production goods as well as the consumer goods spheres. An encouraging effect here will come from the low valuation of the German mark compared to the U.S. dollar; in the dollar sphere there has been a considerable increase in the competitive ability of German suppliers during the past few months.

By comparison with the previous year, the development of commodity exports in the second half of the year will appear considerably more favorable than in the first half: The result of the previous year, which during the first six months of the year fell short by about 2 percent, will be surpassed by approximately 2 percent during the second half. This means that on the average for the year exports will be about as high as they were in 1982.

The increase in the real gross investments in fixed assets, after seasonal adjustment, is likely to strengthen slightly. This expectation results from a more favorable development--compared to that of the first six months--of the real construction investments, which will now clearly show an upward trend. Stimulating forces emanate both from housing construction and from economic construction. In both spheres state measures of mostly limited effective duration, which were agreed on earlier, are playing a role. With respect to economic construction, the increase in investment should be mentioned, also the improvement of the degressive deductions for depreciation and the expansion of the wide band distribution network by the German postal service, which had been decided already earlier. In the case of housing construction, the stimulation measures enacted by the Federal Government in the fall will begin to exert an effect, especially the lowered interim financing of building society savings contracts and the possibility--subject to a time limit--of the deduction of loan interest in private housing construction. A dampening effect on the development of construction investments though is produced by public construction. Here there are no symptoms of any kind suggesting that construction activity will free itself from the extremely low level. Of decisive significance is the economy-mindedness of financial policy, which leaves the communes as the chief state investor alone with their financial worries.

On the average for 1983, real construction investments are likely to turn out to be about 3 percent higher than during the past year.

A similar increase can also be observed for the yearly average with respect to real investments for equipment. For the course of the year, on the other hand, a different development can be expected than in the case of construction investments: While the increase with respect to construction projects is accelerating, it will probably diminish in the case of equipment. This results primarily from the rather considerable jump at the beginning of the year. The situation with respect to orders on the part of the producers of investment goods does not on the whole support the view that this increase can continue

at the same rate, especially since it continues to be dismal with respect to machine building, the most important supplier of investment goods.

The insignificant wage increases, the--due to the introduction of medical insurance contributions for pensioners--reduced increase in pensions, the increase of the value added tax at mid-year, as well as the continuing decline in the number of employed argue against a continued rise in real private consumption, seasonally adjusted, after the recovery in the first half of the year. Moreover, given the low level already attained, the saving rate is not likely to decline significantly. Not highly probable, on the other hand, is a renewed recession with respect to real consumption; for there has been a steady improvement in the consumption climate with respect to private households. This points to a continuing readiness to acquire durable consumer goods, from which above all automobile manufacturers, the suppliers of furniture and household equipment, and probably also the manufacturers of electronic entertainment products will profit. In order to realize these wants in the presence of given real incomes, there will, of course, be curtailments in other consumer spheres, e. g., with respect to real travel expenditures.

The on the whole more favorable development of ultimate demand and the seasonally adjusted rising industrial production will induce industry and trade to increase their inventories of finished goods as well as goods for further processing. The storage dispositions will therefore exert a certain stimulating influence.

The increase in stocks will result in impulses on the import of materials for further processing. The import of investment and consumption goods from outside the European Community, on the other hand, will in general be affected by the pressure of the high dollar exchange rate.

Real commodity imports will overall again be higher in the second half of 1983 than in the corresponding period of the preceding year; on the average for the year, however, only an insignificant increase can be expected.

Even if the improvement in the terms of trade does not continue--the increase of export prices has come to a standstill, import prices show little further decline and are more likely to rise again in the further course of the year--a further increase of the surplus in the net position on goods and services in the balance of payments is probable on the average for the year. After a surplus of 8 billion German marks for the previous year, a credit balance of 10 to 15 billion German marks is in the offing for this year.

The overall more favorable development of demand during this year will not only result in a seasonally adjusted increase in the real gross social product during the course of the year; for the first time in two years it will also surpass its level of the preceding year, even if only by a little (0.5 percent). Already the development in the first months of this year has confirmed the expectation that with an economic upward trend first of all short-time work is reduced and labor productivity is increased. From this it follows that the number of employed persons will continue to decline this year. On

the average for the year, the decline in the number of gainfully employed persons will not be smaller than in the past year; it will again constitute almost 2 percent. The number of unemployed will thus increase from more than 1.8 million in the past year to more than 2.3 million this year, during the course of the year there will at best be a slight slowing down of the increase.

The prospects for consumer prices continue to be favorable. To be sure, the increase of the value added tax in the middle of the year will entail an increase of the rate of price increase to again more than 3 percent compared to the previous year, but in the months following the continuing trends of calm will again make themselves felt.

Prospects for 1984: Few Chances for an Acceleration of Economic Growth

To be sure, for the year 1984 there are indications of a continuation of the trends of economic recovery from the perspective of today; but there is little to support the view that this process will accelerate and find its way into a self-sustaining upswing. For the strengthening of demand from abroad which can be expected is confronted with the fading away of the buoyancy forces in the course of 1984, in particular with respect to equipment investments, which in 1983 contribute significantly to economic improvement.

Given the expected economic revival in the Western industrial countries, there is likely to be a distinct increase in commodity exports in 1984. Since the year 1984--in contrast to this year--will also contribute an intensified investment activity to the recovery of the world economic situation, the commodity exports of the Federal Republic could even expand more strongly than the world market, so that it is possible to anticipate an increase of commodity exports of approximately 4 percent on the average for the year. This, to be sure, is still distinctly less than could be realized on the average for the 1970's.

That in spite of this impulse from the outside a decisive overall economic improvement is not likely to take place must be primarily ascribed to the consolidation orientation of financial policy, which--despite the unfavorable experiences of the past few years--is being continued unflinchingly.

In 1984, too, the financial policy is determined by the aspiration to reduce deficits. In order to attain this goal, a number of socio-political operations and reductions in the budget process are envisaged, which are supposed to relieve the Federal Government, the states and communes by more than 10 billion German marks. Plans call for the updating of the adjustment of pensions, the restriction of benefits on the part of the Federal Institution for Labor and in the social sphere. At the same time the Federal Government wants to continue to improve the tax framework conditions for the enterprises through the tax relief law in 1984. The planned tax relief in the amount of 3.5 billion German marks is to be financed from means which become available after the increase of the value added tax rates on 1 July 1983. The focal point of the tax package is the relief of enterprises in regard to the wealth tax, which amounts to 1.6 billion German marks. In addition, in the case of the revenue-dependent taxes in particular the possibilities for depreciation and the loss carry-back are being improved so as to encourage the willingness of the enterprises to invest. The special depreciation allowances for research and development investments are intended, above all for the assistance of medium-size and smaller enterprises.

In 1984, too, the expenditures of political subdivisions and social insurance will increase by only a small amount (3 percent). In the case of personnel costs it is imputed that employment policy will remain restrictive; the increase in the wage scale for public employees will--as in 1983--be perceptibly under the increase of the industrial wages and salaries. The increase of the expenditures for the purchase of material assets will be barely sufficient to compensate for price increases. Calculated in real terms, state consumption will again stagnate.

Even if it is not likely that the expenditures for public investments will once again decline, the prognosticated increase of nominally 3 percent does not by any means signify a turn in the investment policy of the public budgets, for in real terms the extremely low level of the previous year will thereby not be surpassed. Calculated in 1976 prices, the investment volume in the meantime has fallen to the level of the mid-1960's.

The numerous curtailment measures in the transfer sphere will find reflection during the coming year in a further diminution of the as it is already small increase of current transfers (2 percent). In so doing, the subsidies will at most be slightly retrogressive, while the payments to private households will increase still less than this year. Here the cutting of the pension adjustment rate as of July 1, 1984, and the simultaneous increase of the medical insurance contribution of pensioners (by 2 percent to 3 percent) play a role. Moreover, the cash benefits of the Federal Institution for Labor are being reduced significantly by comparison to 1983. There will be a further increase in unemployment to be sure, but in the case of cash benefits this will be more than compensated for by a relatively decreasing circle of benefit recipients as well as by the reductions planned by the Federal Government.

The revenues of the state will increase in 1984 at the same rate as this year (4 percent). In so doing, the tax revenues to be sure are likely to expand at a distinctly stronger pace (5.5 percent) than the revenues as a whole, and this although the tax packages already enacted and the planned tax relief law diminish the yield in 1984. Over against this there are additional revenues from the increase in the value added tax as of 1 July 1983, which in 1984 will have been effective for the first time for a full year. The accelerated increase in the gross wage and salary sum results in evident additional revenues in the case of the payroll tax, and the profit taxes, too, will increase more rapidly because of the once more improved earnings picture of the enterprises. The increase in state revenues will, on the other hand, be dampened through the reduced profit transfer by the Federal Bank to the federal budget: After more than 11 billion German marks this year an amount of 5 billion German marks is anticipated.

With 57 billion German marks the financing deficit of the state will be almost 5 billion German marks lower than in 1983. The numerous economy measures and also the increase in the pension insurance fund contributions effective for the entire year 1984 improve, first of all, the situation of social insurance,

whose surplus will increase from 3 billion to an estimated 6 billion German marks. Behind this, now as before, is concealed a deficit in the pension insurance fund, while the surpluses of the medical insurance probably will be even higher than this year. The deficit of the political subdivisions, from today's perspective, will decrease only by a small amount (1984: 63 billion German marks).

While in 1983 the economy-mindedness of the financial policy in its overall economic effects is partly compensated by the stimuli emanating from the increase in investment to investments in equipment, this impulse will cease to be operative during the coming year, for the investment goods benefiting from the increases must have been delivered by the end of this year. For this reason it cannot even be excluded that the level of investment will once again decline in 1984. For the present prognosis this unfavorable case was not assumed; rather a small-scale economic increase during the course of the year was taken as the basis.*

In the case of the real construction investments, by contrast, the state measures to encourage growth will continue to exert an effect in the coming year as well. The delays with which this year the construction activity reacted to the preceding increase in orders even gives rise to the hope that on the average for the year a larger increase will be attained than this year. In so doing, the development of construction investments will remain structurally unchanged. The strongest increase will again come in investments in housing construction; there will also be a distinct expansion in industrial construction. Here--in contrast to the equipment investments--the investment increase will have a stimulating effect in 1984 as well. From the construction investments of the state, by contrast, again no contribution to the increase of the overall economic investments can be expected; in real terms state construction investments will stagnate at best.

Given the development of the real gross plant investments as described--the increase, both in 1983 and in 1984, will be greater than that of the gross social product--the rate of investment will once again increase from the minimum it attained in 1982 (19.8 percent) and amount to 20.6 percent during the coming year. In so doing, however, the rate will be well below that of the beginning of the 1970's, when the gross plant investments accounted for approximately 25 percent of the gross social product.

In spite of the additional restrictions in the transfer sphere, the disposable income of private households will increase more strongly than this year. Decisive in this connection is the fading away in the reduction of the number of employed persons. Under the impression of still further increased numbers of unemployed, the wage rate increases will probably again turn out to be very low and possibly lag behind the settlements of the current year. On the whole

*In order to take into account the great uncertainties which are always connected with a prognosis of equipment investments, reference was again made to the German Institute for Economic Research version of the econometric economic growth model of the economic research institutes. The results of the model show stagnation of real equipment investments for 1984.

the gross wage and salary sum is likely to increase by nearly 4 percent; and thus the net income of employees--different from 1983--will once again rise. This results in enlarged scope for the expansion of private consumption. In spite of a weak increase in consumer prices to be expected for 1984 as well, real consumption will hardly increase by more than 1 percent. In the future, too, therefore, no impulse on investments will emanate from ultimate demand.

Overall the development of real demand will lead to an increase of the real gross social product by about 2 percent on the average for the year 1984. As already mentioned, in so doing there will be, to be sure, a gradual fading away of the reduction of the number of employed persons, but a new increase of the number of employed persons presupposes a considerably stronger overall economic growth. The situation in the job market, therefore, will continue to get worse: The number of unemployed, after seasonal adjustment, will continue to increase throughout the year and on the average for the year amount to almost 2.5 million. This corresponds to an unemployment rate of over 10 percent!

In contrast to production and the job market, satisfactory results will once again be attained in the foreign trade sphere and in the development of prices. Commodity imports will, to be sure, increase very distinctly in the course of the further economic recovery, so that the real foreign trade contribution, in spite of the improved development of exports, is likely to remain nearly unchanged. However, a further improvement in the terms of trade--compared to the 1983 annual average--is probable. Thus the revenues from exports will increase at a greater rate than the expenditures for imports. This is the basis for the prospect of a further increase in the surplus of the net position on goods and services in the balance of trade.

The merely small price increase of commodity imports to be expected during the coming year contributes to the maintenance of continued high price stability domestically. If one looks only at the annual average, no accelerated price increase is likely in any of the spheres of utilization of the social product--with the exception of the construction investments. The rate of price increase of private consumption, to be sure, will again become larger--measured by comparison with the previous year. But this will not be a sign of an acceleration of the current price increase, but the expression of a base effect: The consumer prices decreased at the beginning of this year, and it is not very probable that such a development will repeat itself precisely a year later.

Economic Policy Considerations

In spite of a further increase in the overall production level in the second half of this year and in 1984, there can be no talk of a satisfactory development. To be sure, in all probability the upward trend in prices will remain small and the net position on goods and services in the balance of trade will show a surplus. The wage increases are seen as being in line with the economic situation even by the majority of those who regard small increases as the prerequisite for an economic upswing. Thus considerable latitude has been created from this side for an increase of profits. The high unemployment, which will continue to rise in 1984 as well, however, is of greater weight for the overall economic failure to attain its goals than the pluses gained in the recession and in the subsequent recovery phase with respect to other goals. Never-

theless, the economic policy is still not prepared to undertake a serious struggle against unemployment through the coordinated collaboration of all responsible spheres.

The financial policy continues to regard the reduction of deficits as more important than a new alignment of the policy, with which employment could be increased and unemployment could be decreased. At the same time, the experience of the past three years shows clearly that the orientation of financial policy on the basis of certain deficit goals leads to failures. For this reason the viewpoint of creating steadiness in the development of expenditures should be given greater weight again. If expenditures are planned with a view to attaining steadiness, however, the annual increases would have to be distinctly higher than in the present budget plans. The support which would thus be given to the overall economic development is indispensable for overcoming the long continuing weakness and finally also for a decrease in state deficits themselves. A budget reform, which, for example, leaves subsidies to economic spheres, from which not contribution to growth can be expected, untouched, but economizes in regard to public investments, can in no case be interpreted as a spirited struggle against unemployment.

The unfortunate development of public investments, which also characterizes the plans for the coming budget year, should be corrected. The curtailment of these expenditures compensates for positive employment trends in the construction industry, which result from the development of industrial and residential construction. The available capacities of the construction industry, at any rate, would permit a very much larger increase in production than can be expected given this position of the financial policy. The argument that meaningful projects are lacking is for the most part an excuse. The communes, at any rate, the most important carriers of public investments, do not explain their "reticence" in that way, but on the basis of a shortage of financial means. For this reason, the means which in 1984 are supposed to be used for the reduction of the property taxes would surely be more appropriate for public investments. The reticence in the financial policy of the Federal Government is also likely to have contributed to the disappointing results of the summit meeting in Williamsburg. Instead of pushing for international cooperation with other industrial countries, which could contribute to the stimulation of the world economic situation, this subject was evidently bypassed. Interest policy, above all, was the subject of discussion.

The task of strengthening overall economic growth, however, cannot be mastered by monetary policy. The latter is currently being subjected to a considerable test. The set-back on the capital market--the return of fixed interest-bearing securities increased by one percentage point within two months--suggests monetary relief aimed at the lowering of interest rates. For the increase in interest rates weakens the as it is still inadequate economic buoyancy forces. The rate of inflation has decreased surprisingly strongly during the past few months. For the time being this stabilization process will continue, especially since it is supported from the foreign trade side: The improvement of the assets side of the balance of trade has triggered trends in the direction of the improvement of the (real) foreign trade value of the German mark vis-à-vis most other currencies.

To be sure, there are also arguments against a relaxation of monetary policy: The increase of the domestic capital market interest rates can be traced back above all to increasing interest rate trends in the United States and to the expectation of short-term currency exchange-rate gains from dollar investments. Under these circumstances it is possible that a reduction in the domestic money market rates would not lead to a decrease in the domestic capital market interest rate, but--through increased capital export--would drive the dollar exchange rate still higher.

The failure to attain the goal with respect to money supply--during the last months the central bank money volume was considerably above the target range--even seems to speak for a tightening of monetary policy. For in the presence of a continuing strong expansion of the money volume, an expansion potential would be built at medium sight which would occasion a revival of inflation expectations and in the end force the Federal Bank into an abrupt change of policy.

In this situation only the adherence of monetary policy to a medium-term orientation is of help. The Federal Bank must make it clear that it will maintain the capacity-oriented policy initiated during the past year. In order for such a medium-term-based strategy of encouraging steadiness to be successful in terms of growth and stability policy, the domestic interest rates must be uncoupled as much as possible from interest rates abroad and from currency exchange rates in order that they can react more strongly than up to now to the domestic economic constellation, which at present points to a decline of interest rates. This can succeed only if the Federal Bank convinces trade and industry that it will tolerate fluctuations in the currency exchange rate, and consequently, for example, will not react with restrictive measures to further increases in the dollar exchange rate.

One problem of a medium-term-oriented money supply policy consists in the fact that frequently it cannot be recognized quickly enough whether deviations of the central bank money volume from the capacity path are permanent or merely temporary. The strong expansion of the money volume after the turn of the year, too, could--as the Federal Bank itself hints--be a "runaway". It is based not only on the monetary policy relief measures undertaken until March, but to a large extent also on special factors, such as the influx of speculative money from abroad, as well as the distribution of the profits of the Federal Bank. Thus it can be presumed that with the reflux of these funds and with the most recent increase in interest rates there will also be a "normalization" in the money supply again. Of course, this is not certain. If it should turn out that the money supply development in the last few months involves a change in trend, the Federal Bank would have to become active. Here too, it should let itself be guided by the principle of steadiness: Changes in the prime rate, in particular the rediscount rate, are frequently still not interpreted as measures with which the deviations from an alleged monetary policy course are to be corrected. Frequently they are rather regarded as signals for a change in the monetary policy course itself. The more flexible instrument of the open market operation, therefore, deserves the preference.

In the wage negotiations of this year, the increase of the wage rate stood in the foreground. The increases agreed to in the negotiations must be assessed

as extremely cautious, especially since reductions in work time--in whatever form--hardly played a role. The possibility existing in the coming year to come to new agreements on the provisions of the industry-wide collective bargaining agreement in large collective bargaining areas should be utilized. The main goal should be to enlarge the possibilities of employees to shape their work time. In addition, discussions are being held about the shortening of the work week in order to attain a more just distribution of the available jobs. If small steps are agreed to here, this facilitates the adjustment of the enterprises to the new situation, but at the same time it is highly probable that there will be no significant new hiring because this shortening of the work volume could be largely offset by additional productivity. A reduction of the work week in greater jumps would, to be sure, promise more in the way of employment policy effects, but it would confront the enterprises with considerable problems of adjustment. Moreover, it cannot be overlooked that such a strong reduction in work time also involves dangers with respect to employment policy. Since the additional hirings hoped for by many from this are not undertaken simultaneously, such a reduction, insofar as not balanced by simultaneous increased overtime, will lead to a reduction of the work volume. Without wage equalization considerable income losses would then result, which would be a minus for private consumption which is too weak as it is. In the case of full wage equalization a part of the effect would be lost because the enterprises would attempt to pass on this additional burden of costs in increased prices. Moreover, the possibility cannot be excluded that the inclination to invest generally will be weakened and the investments themselves will be restructured even more in the direction of rationalization. Positive results in terms of employment policy, therefore, are most likely to be expected from a larger individual flexibility in the presence of simultaneous moderate general reductions of work time over a longer period of time.

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GOVERNMENT COMMISSION SUBMITS FINAL FUND BILL PROPOSALS

Industry Leaders Send Open Letter

Stockholm SVENSKA DAGBLADET in Swedish 22 Jun 83 p 1

[Text] "Consider the best interests of Sweden and the Swedish people. Do not push through the collective wage-earner funds!"

That is the message in an open letter to the government which 150 business leaders signed. Among the names are those of all the top leaders in the private business sector.

Volvo chief Pehr G. Gyllenhammar, Curt Nicolin, Hans Cavalli-Bjorkman, Percy Barnevik and Peter Wallenberg are some of the most prominent. Presidents and board chairmen of well over 100 firms listed on the stock exchange signed the letter.

"Nothing like this has ever been done before. This is quite unique," said Jan O. Berg, information director of the Industrial League, which collected the signatures.

The initiative for the letter was taken 10 days ago by the chairman of the Industrial League, Sven Wallgren, and SAF [Swedish Employers' Confederation] chairman Curt Nicolin.

Paper Comments on Open Letter

Stockholm SVENSKA DAGBLADET in Swedish 23 Jun 83

[Editorial: "The Fund Letter"]

[Text] "Consider the best interests of Sweden and the Swedish people. Do not push through the collective wage-earner funds!"

This appeal from the board chairmen and presidents of over 160 firms listed on the stock exchange was made in an open letter to the government. This

is a direct message from the private business sector. After this letter and a similar expression by small businessmen a while back, Sweden's entire private business sector is again united in the struggle against fund socialism and for the preservation of the economic system that has given the people of Sweden their prosperity.

Business leaders have seen through the government's flood of words about accord and have taken the prime minister's "outstretched hand" for what it is--a clenched fist. The government can no longer mask its intentions behind the Harpsund facade. They must have fund socialism, LO [Swedish Federation of Trade Unions] and the party congress decided, and there will be fund socialism, judging from the reports that are now being completed. By the end of the year, the Social Democrats with the help of the communists will implement a change in the Swedish economic and political systems.

Does the opinion of business leaders, those bearers of the formation of Swedish prosperity, play no role? Do the views of the people as expressed in one poll after another throughout the years have no importance?

No, not to the men of confrontation who are now leading the Social Democrats. They depend on the support of the socialist activists who man the power apparatus in the Government Office Building, LO and the party. They are the ones who will go into the 1985 election campaign and win the election for the leadership. And they intend to get their fund socialism; they have believed in it for so long, been promised it so long, defended it under adverse conditions for so long.

Through various tactical moves, including a lot of talk about freedom and an economic upturn, the government has sought to tone down the importance of the fund issue in the election conflict when speaking to outsiders. The effects would not be apparent to the people. Pocketbook issues were put in the foreground, changes in the system in the background. The government wanted to shift the blame for polarization and confrontation from those who are attacking the Swedish model with fund socialism to those who are defending it, to the "preachers of hatred and ill will," in Palme's words.

This must not happen. It is up to the three nonsocialist parties to take the offensive in the fall and not leave the business sector to carry on the fight alone. The question affects all of our social development, the fundamental policy differences between two different systems of distributing power.

If the parties succeed in this mobilization, the fund issue could decide the 1985 election. Then a nonsocialist government could finally dispel fund socialism to its place in the museum of historical ideas.

Final Fund Report Presented

Stockholm SVENSKA DAGBLADET in Swedish 1 Jul 83 p 6

[Article by Claes-Goran Kjellander, Sophie Petzell and Willy Silberstein]

[Text] A Boost for the Business Sector

The funds will give Swedish business a boost and some active support. The market economy will be strengthened.

So said fund analyst Per-Olof Edin when he presented the last of the wage-earner fund reports Thursday. The reports will form the basis for the government bill this fall.

He stressed several times that the importance of the funds is that they will help to improve the country's economic development. That will benefit both firms and individual wage earners.

Edin would not make any evaluation of how the proposal would be received by those who favor direct worker influence in private firms. Instead he said that it would be a positive sign if another big investor entered the market.

The funds could own 49 percent of the stocks in a company, a proportion of ownership that is clearly higher than that normally regarded as necessary for controlling a company. But Edin would not compare the wage-earner funds with other investors.

"Wallenberg could assume responsibility for a company with a minority post. But the funds will not have any responsibility for the companies, they will simply be proprietors. I do not understand those who think there might be risks in such a system."

Has criticism from the business sector affected those who drew up the report? "Eight years of debate have affected us," said Edin, "and we have treated serious criticism seriously."

Edin did not count the business campaigns as serious criticism, but referred to the views of Gambro president Anders Althin:

"We have tried objectively, economically and politically to make the proposal as workable as possible."

The question of the possibilities for funds to invest money in cooperative and economic societies was dealt with very briefly in the report, which refers to a future bill on cooperative companies.

"The possibility has not been ruled out," said Edin, "that the funds can be used for such things as helping to form wage-earner cooperatives."

New Fund Proposal, Point by Point

Five new funds, to be called wage-earner funds, are to be set up within the ATP [General Supplementary Pension] system. The funds will own stocks in companies but will not assume responsibility for companies. Each year, they are to pay 3 percent of their yields into the pension funds.

Those are the main features of the new fund proposal which SVENSKA DAG-BLADET reported in yesterday's edition. Here is an itemized resume of the proposal, which was prepared by Per-Olof Edin of the Finance Ministry, Ulf Larsson, who is undersecretary of state and Olof Palme's closest colleague, and Sture Korpi, undersecretary in the Ministry of Social Affairs.

Money

The funds will get their money from profit distribution and wage deductions. Stockowner companies, economic societies, savings banks and certain insurance companies will put 20 percent of their profits into the funds. But a company can exempt 500,000 kronor or 6 percent of the payroll from this tax.

It is proposed that the wage tax be 0.2 percent in 1984, rising to at most 0.5 percent in 1990.

Each fund will get a fifth of the money received, but no more than 400 million kronor a year in terms of 1984 currency values. If more money than that is collected, the surplus will go directly into the three existing pension funds.

The funds will pay 3 percent in real interest to the AP [General Pension] funds. If inflation is 10 percent and the fund has received 400 million kronor, this would mean 3 percent of 440 million kronor, or 13.2 million. In addition, the fund must increase its capital to 440 million kronor. Thus it must "earn" a total of 53.3 [as published] million kronor.

Power

The funds will be run by nine people, with four alternates, to be appointed by the government for 1 year. At least five of the nine must be representatives of union organizations or, as the text of the law puts it, of "wage-earner interests."

The five funds, along with the fourth AP fund, cannot own more than 49.9 percent of the stocks, in terms of voting value, in a single company.

The union clubs in a company in which the funds own stock will be given half the votes that go along with the stocks. The votes will be distributed according to the number of workers in each union club.

Each fund will have its own secretariat in five different places around the country and members of the board will be drawn from five different regions. However they will be free to invest their money in any Swedish company. In addition to stock companies, the funds will have the right to put capital into such things as cooperative firms.

Development

The fund proposal covers the period from 1984 to 1990. If currency values remain unchanged, the funds will receive 14 billion kronor during this period; with 5 percent inflation, they would receive 16 billion. The annual contribution would correspond to a base amount of 20,000.

Each tenth of a percent of wage contributions would amount to 300 million kronor. The proposed profit-distribution payment is estimated at between 1.5 and 2 billion kronor a year.

The report does not take a stand on what will happen to the funds after 1990. That will be a problem for parliament after the 1988 election.

Nor does the report take up the question of what would happen if the funds are phased out after the 1985 election. If the proposals in the report are implemented, the funds would own stocks worth around 4 billion kronor by that time.

Motive

The report does not analyze in detail the motive for introducing wage-earner funds; it simply refers to previous reports--supporting a unified wage policy, contributing to a more even distribution of assets, strengthening wage-earner influence, beefing up the ATP system, improving capital formation.

But it does say that an increase of available capital would have a revitalizing effect on the stock exchange and thus stimulate investments. When the stock-savings funds are released in 1985, an influx of capital will be needed to keep the market in a good mood.

Differences

Some changes are particularly noteworthy in comparison with earlier fund proposals:

There will be five funds instead of 24.

The government will appoint all the members of the fund's board of directors.

The wage tax is limited to 0.5 percent.

The funds will be incorporated into the ATP system--the wage-earner funds will be "supervised" by the first three AP funds.

There is a limit on the voting power of the funds in companies in which stock is owned.

New rules are introduced for the fourth AP fund. The fund will be spared the present limit in ownership to 10 percent of the voting stocks in one company, but it will be subject to the same 3 percent yield requirements as the wage-earner funds.

Timetable

The following timetable now applies to the discussion of the fund issue in and outside of parliament.

The government will hold a full discussion of the three reports on profit distribution, investments and fund organization during the summer and early fall.

In August-September, the government will invite the political parties, labor market groups and business organizations to hold consultations.

At the same time, the Finance Ministry will prepare the bill. The aim is to present the bill in early November. It will be debated in parliamentary committees in late November and early December.

Parliament will reach a decision before Christmas. The decision will go into effect by the beginning of next year.

SAF's Ljunggren: Fund Proposal Will Lead to Socialization

"The wage-earner fund proposal is brutal, it will lead to pure socialization and it is also being presented in a deceptive way," said SAF's executive director, Olof Ljunggren.

He said that business organizations would now combat the funds with all the legal methods at their disposal. He would not reveal which methods would be used. But it is obvious that the business sector will closely scrutinize Swedish laws as well as the constitution. International law might also be a weapon in the struggle.

"The proposal closely resembles earlier fund proposals," said Olof Ljunggren. "But it is being presented in a deceptive and clearly misleading way. Those behind the report are playing with numbers."

Total Dominance

"For example, we know very well that the biggest owners in companies today usually have no more than 10-15 percent of the votes, but that this gives

them a decisive influence anyway. Ownership of 49 percent means total dominance, socialization," said a very upset Olof Ljunggren.

He also pointed out that no individual stockowner today owns anywhere near 7 percent of the stocks on the market. The funds' "modest" goal of 7 percent is actually quite far-reaching.

"This is a question of pure socialization. I pray that the Swedish people will realize the dangers in the proposal and that it never appears as a government bill," said Olof Ljunggren.

Nothing to Gain

The spokesman for the Industrial League, Esselte chief Sven Wallgren, saw no immediate threat in the proposal now being presented, but he feared the next step.

"The proposal is well in line with the picture we formed of Social Democratic strategy," he said.

"First a warning shot, then several steps backward.

"The Social Democrats in Sweden have been much smarter than the Labour Party in England, for example, which promised immediate and extensive socialization. Here we go one step at a time toward eventual socialization, pointing out that the 49 percent limit can easily be expanded in the next resolution.

"The business sector has nothing to gain from the proposal," he said.

"There is no shortage of risk capital today and we will not get any more from the funds. Instead the fund proposal is a political hoax that will among other things help LO to save face after several years of real wage declines. The funds are something LO can point to, at least," said Sven Wallgren.

Elevating Effect

"It is obvious that another buyer on the market could have an elevating effect on stock prices," said Curt-Steffan Giesecke, president of Trygg-Hansa, one of the really big investors.

"It could benefit those who have already invested or intend to do so.

"But on the other hand, the effect could be that power is shifted over to yet another public platform, alongside the fourth AP fund."

Curt-Steffan Giesecke is not sure that the funds will be able to meet the interest goal. Political pressure on the fund managers will be so great that some of the money will go toward creating new jobs, with the profitability aspect being pushed into the background.

The head of the Electrolux concern, Costa Bystedt, also feared wage-earner influence--on company boards of directors. Union organizations already get comprehensive information on matters from boards of directors and company management, he said. It would require inhuman strength for a union board representative to ignore the employment aspect as being most important in making certain decisions.

"All in all, the proposal is based on the unions taking funds from the companies in order to acquire more power," he said.

No Applause from Either Right or Left

All the opposition parties are critical of the Edin report proposal. The nonsocialists see it as confirmation of their fears, while VPK [Left Party Communists] feels the report ignored the most important principles.

First vice chairman of the Conservative Party Lars Tobisson called the proposal "a slap in the face to the popular majority that opposes collective wage-earner funds.

"All the talk about outstretched hands and broad cooperation seems like a mockery," he said.

"If the proposal is implemented, our economy will not work. Imposing a further wage tax on companies in the middle of the crisis is insane, of course.

"The division into regions and the union dominance on the fund boards mean that our productive resources will not be utilized in the best way."

Regrettable News

Liberal Party leader Ola Ullsten said:

"This is precisely the kind of fund the Social Democrats threatened us with. They tax the companies and leave it to the unions to administer the money--a very regrettable piece of news in Swedish political tradition and in our legal concepts."

Ullsten sees the proposal as a result of the fact that the Social Democrats placed themselves in a compelling situation--for prestige reasons, they must introduce the funds that only a few officials in the party and the union movement want:

"The Swedish people will have to pay the price of a deathblow to the market economy."

He called the 49 percent limit on ownership an illusion. Obviously, an owner with 49 percent of the stocks must also have company responsibility

and an influence over the naming of board members and management--any other assertion is "ignorant nonsense."

What would happen if there is a Social Democratic defeat in 1985, if the funds already own stocks worth 4 billion kronor?

"The funds would have to be phased out. There would be problems, but they would not be insurmountable. If they remain for a longer period, it would be much harder. Therefore the 1985 election will really be a fund election."

Center Says No

Center leader Thorbjorn Falldin sees no advantages in the Edin proposal:

"It is characterized in the same way as the earlier suggestions by central control and total lack of influence for the individual.

"Such a system will make things worse, not better for Sweden's economic problems. The Center Party says no to such a system.

"It is obvious that the Social Democrats intend to carry out the funds at any cost, despite the fact that implementation will depend on VPK and contribute to increased confrontations between the parties."

VPK leader Lars Werner said that it would have been best if they had "chucked all the increasingly watered-down fund proposals that have come out lately." Instead, he wants a concrete proposal dealing with how the wage earners can take over power and influence.

"One must be aware," said Werner, "that Edin's so-called fund proposal is quite different from Meidner's. Meidner stressed the importance of ownership. Edin is aiming at increasing company investments in the short term."

But Werner promised that VPK "would study the proposal carefully." However it is quite clear, he said, that some improvements are needed even in this short-term proposal.

LO's Malm: Good to Have Funds at Beginning of Next Year

"As far as LO is concerned, we are happy that a wage-earner fund proposal is being presented so soon."

According to the proposal, the funds would begin to operate as soon as the beginning of next year. "This is good for several reasons. In particular it will facilitate the contract talks and implementation of the unified wage policy," said Stig Malm, LO chairman, in a comment on the proposed organization of wage-earner funds.

"Therefore we note with special satisfaction that the funds will be financed through a payment based on wages along with a distribution of profits. This means that savings will increase and also that public employees will take part in the fund system in a direct way.

"Profits from the wage-earner funds will go into the AP fund system to take care of future pensions. That is entirely in line with LO's demands.

"The proposal also means that the funds will have regional roots and a worker majority, which means that the funds can make use of the expertise that exists around the country," Stig Malm said.

"The proposal now being presented talks of five funds. But we think there may be reason to look at this in the future and see if that is enough.

"In this way, the Swedish people now know how the funds will work. The proposal from the election campaign has become solid policy," concluded Stig Malm.

Poll Shows Businessmen Opposed to Funds

Some 93 percent of the nation's businessmen are opposed to the LO-Social Democratic wage-earner funds, according to a poll conducted for the Swedish Employers' Confederation by the Institute for Market Studies.

IMU [Institute for Market Studies] interviewed 1,000 businessmen in May and June. It can be seen from the answers that around 9 out of 10 businessmen feel that the business sector should take a hard line in its rejection of the funds. About a third of them wanted to take firmer steps than have been taken so far.

Some 73 percent of the nation's businessmen see the funds as the biggest threat to business life and 78 percent think the funds would have a negative effect on their own determination to start and operate a business.

Discouraging

One businessman in three with investment plans would seriously consider quitting business if the funds are introduced.

In a letter which SAF chief Olof Ljunggren sent to all the members of parliament, he writes among other things that the government must realize that the wage-earner funds would deliberately drive the country into a grave economic crisis.

"The government must understand that a gradual collectivization of ownership is discouraging to the nation's businessmen," wrote Olof Ljunggren.

Comments in Brief

Industrial League: Nothing New. "The Edin fund organization proposal contains nothing new that would make collective wage-earner funds at all acceptable to business and industry. On the contrary--the idea of regional funds is left over from previous reports that we rejected." So said Industrial League executive director Lars Nabseth.

"Edin's attempt at making soothing predictions to the effect that the funds will never dominate the stock market cannot be taken seriously.

"The government still has time to think things over and get an idea of the regional opposition to the wage-earner fund idea that can be found in the business sector. In the interests of the country, the government ought to do this," said Lars Nabseth.

SHIO [expansion unknown]: Would Lead to Concentration of Power.

"Amazingly, the government's new proposal involves a return to the union fund proposal of the 1970's and would lead to a concentration of power and a socialization of large companies, while the smaller firms would suffer from a decreased supply of capital. The proposal is totally unacceptable to small and medium-size businesses."

Robert Alderin, vice president of the SHIO family business made that comment.

Business League: Hold a Referendum. "The government is allowing itself to be used as a transport company for LO." That is what the head of the Business League, Bo Sillen, said.

"The demand for wage-earner funds comes from a small highly vocal group consisting mainly of officials employed by the union movement. LO people work on the reports and the government obediently adjusts itself to LO's demands on content and timetables.

"At the same time they completely dismiss the devastating criticism of the funds that has come from a unanimous private sector, a united political opposition and the economic experts.

"This absolute power is provocative and should give increased support to the demand for a popular referendum. The Business League is now gathering its forces to bring about a referendum--before the funds are implemented. Naturally we hope that this demand will be supported by the nonsocialist parties, but we know that support will also come from the silent majority in the Social Democratic Party," Bo Sillen concluded.

Krister Wickman: Little Effect on AP Funds. The head of the first three AP funds, Krister Wickman, is very satisfied with the fund proposal as such. "But," he said, "one should not exaggerate its significance with regard to

pension funds. The AP funds are affected very little by the capital that comes in--now the funds will get around 3 percent interest on the capital. If the funds themselves had managed the money, the yield would be around 12-13 percent. Thus in the short run the payment capacity of the AP funds will not increase significantly.

"But in the long run this capacity could improve if the funds lead to a development of the economy and an increase in the Gross National Product."

Stock Exchange Leader: One More Buyer. Bengt Gronquist, head of the Stock Exchange, could not and would not make any political statement. He said only that the funds would represent one more buyer on the market. Assuming that the funds buy on the open market and stock issues are not directed toward them, the extra money should have a beneficial effect on stock prices," he said. But that did not present his views on the principle of wage-earner funds.

Stock-Savings Fund: Shocking that Unions Will Control Things. "The shocking thing in Edin's fund proposal is that it will again be the unions who control these enormous funds," said Leif Widen, chairman of the Stock-Savings Wage-Earner Fund Committee.

"In other words, we have gone back to the basic idea from 1978-79 when LO wanted a few central funds under union control. The fact that Olof Palme later made a grandstand play in Almedalen about citizens' funds instead of union funds now seems like just a trick to confuse the fund debate which was threatening his party's election campaign.

"When one puts such a mighty movement as the union movement in power, including giving it the power to run the business sector, we can freely ignore the technical limitations proposed by the report. None of these precautions will be written into the Swedish Constitution. This leaves LO free to demand later that the regulations be changed if the LO leadership finds that they are curbing its power."

Fund Proposal Criticized

Stockholm DAGENS NYHETER in Swedish 1 Jul 83 p 2

[Editorial by Nils-Eric Sandberg: "Winners and Losers in Fund Land"]

[Text] Who wins and who loses as a result of P-O Edin's new wage-earner funds?

All experience from centrally planned economies indicates that in the long run, only the political and union bureaucracies at the top of the planning hierarchy will win out. The entire national economy will lose prosperity as a result of planning inefficiency and inevitable wrong investments.

But there are several winners in the short run in the fund system outlined in P-O Edin's lightning report.

Five regional funds will invest a total of roughly 2 billion kronor a year in stock companies. The money will come from businesses via a special tax on profits and an extra wage tax.

Each fund will buy stocks in firms in its own region. But since the money is collected centrally and later distributed to the five funds, this means the system can redistribute enormous amounts within the business sector. The profits can be siphoned off from expansive regions containing many companies and sent to sparsely-populated regions, it can go from firms that make a profit to firms that are operating at a loss.

The funds must operate under a requirement of a real yield of 3 percent, which acts as a barrier to concealed subsidies--in theory. But the local union clubs will have half the fund's votes in their "own" firm. Assume that the unions want to "save jobs" and invest money in their own firm and formulate the yield requirements in terms of employment. What will prevent the clubs from doing this? Nothing.

The funds will be working under a dual command. The boards will be appointed by the government, with a majority representing "wage-earner interests." But the local union clubs will be permitted to use half the votes to which the fund is entitled and they represent a different task-master and have an entirely different mandate.

And what sanctions do the fund boards or the government have against the local unions?

The politicians have meekly met the demands of the unions and local populations for money to "save jobs" in firms that are not competitive. Around 100 billion kronor flowed to losing businesses in the last 7 or 8 years. Why would regional union fund boards suddenly behave quite differently?

It is true that parliament will require 3 percent in real yields, but since the funds lack profit interests and payment obligations, they also lack the economic incentive that pushes up yields in a market economy.

And parliament could change or eliminate the yield requirement at any time.

The funds could invest money in any stock company, but to the authorities, not all companies are equal. If Volvo or Asea needed 500 million for a new investment that could provide 1,000 new jobs, they would certainly get the money. Small firms that want to develop an invention but cannot guarantee employment would be of no interest; the funds cannot expect to work entirely independently in a political climate in which all the authorities express yield requirements precisely in terms of jobs.

There is a risk that the funds will take profits away from small expanding companies and invest them in big companies. There would be two main results: the economy would become increasingly dependent on those products in which the big firms specialize and the economic clipping of the wings of the small firms would effectively check the very technical renewal on which overall industrial competitiveness was based in the past.

The funds will not add any net resources to the business sector, they simply move money from one firm to another.

In theory, the funds have no mandate to take over businesses. They can own at most 49 percent of the voting stock in one company and they have no right to force a company to issue new special stock offers. But these are formalities. A big investor can gain real power in a company with far less than 49 percent of the votes, there have been many examples of that.

A fund board with several hundred million kronor in liquid assets can easily negotiate a new special stock issue. Especially in a market that is declining in value. And for those who have plenty of money, there is always a buyer's market for subscription rights.

The funds are not needed for the purpose of supplying the private sector with capital, since they are using a firm's own money with which to buy into it. The logical motive for the funds is found in a socialization perspective; they should be discussed in the context of that perspective.

Funds Seen Leading to Socialism

Stockholm SVENSKA DAGBLADET in Swedish 1 Jul 83

[Editorial: "The Route of Fund Socialism"]

[Text] The fund drama is approaching a climax. The writers and producers behind the earlier comedy have stepped forward. They are now displaying the serious aspects behind their game. Sweden will join the socialist countries. Orwell's year, 1984, will mark for posterity the breaking point in the nation's economic development. That will be the year Sweden joins the march toward socialism.

During the whole postwar period Swedish Social Democrats have represented the most advanced welfare state policy in the western world. In no country has such a large share of Gross National Product been used by the local and national governments as in Sweden. But the welfare state has been a distribution state. A separately-owned business sector has produced. The state has distributed.

In the early 1970's this model was challenged. Later, LO backed a demand for a fundamental change in the model. "Now we will take over!" the LO

newspaper trumpeted when LO decided to take a stand. Business life would be collectivized through wage-earner funds.

After countless rounds--reports, consultations, debate papers, congress reports and the adoption of positions in various directions--the moment of truth approached with the Social Democratic election victory in 1982. Both the Social Democratic Party congress and the LO congress had approved fund socialism. The election outcome provided the power with which to implement it.

Now the government is indicating that the will of the congresses is to be done. When Per-Olof Edin prepared the basis for this fall's fund proposal, he adhered very closely to both the principles and the direction of the congress proposals. All the various components are included: profit distribution, wage tax, regional funds, collective ownership, collective yields and direct union involvement.

Thus the Social Democratic government will try to push the wage-earner funds through in the present election period. Gone is all the caution, all the openness and all the searching.

Swedish Social Democrats have chosen their route. Up to the middle of the 1970's, Social Democratic policy was to solve social problems through collective efforts. From the middle of the 1980's, Social Democratic policy will involve trying to solve economic problems with the efforts of the collective, the state and the unions.

The fund proposal is now being marketed as a technique for aiding a sick economy. Wage increases must be kept within the framework of the national economy. Investments must be stimulated. And economic growth must be promoted. The technique consists simply of a small profit distribution and an employer tax. It is said to have nothing to do with power, the economic system or the market economy.

But there is no such policy. There is no policy that is not part of a larger context.

To pursue policy is to change constantly. Policy is determined by the route staked out by its changes. One political measure leads logically to the next measure and each one fits in with all the others.

If union and political influence over business and the economy increases, it will not lead to a less politicized economy and a strong market economy. It will lead to a more politicized economy and a weakening of market economy. It does not fit in with increased room for action by individual companies, but is in reality a substitute for it.

In the long run, each policy leads to more of the same policy. If the government resorts to funds to solve the economic problems, it is also apt to

resort to more fund policies when it turns out that the problems have not been solved. Then the contributions to the funds will be increased. The task of the funds will be broadened. Fund socialism will be implemented even faster.

The Social Democrats are the prisoners of their own policies and their own movement. They think they will clear away the question of the introduction of socialism by beginning to introduce it. The Social Democratic leadership and prominent cabinet ministers do not understand that when they have chosen their route, the only thing left to decide is the speed of the march.

The Social Democrats could never come back. Orwell's year, 1984, will go down in the Social Democratic history books in the same way as 1920, with its new party program after the events surrounding the October Revolution, and 1932, with its crisis policy after several years of debate on socialization.

The wage-earner fund proposal grew out of a debate that was aimed at introducing socialism. The wage-earner fund proposal means that in the future the Social Democrats will choose a route that leads to socialism.

Only those who do not believe that there is any history behind current events and no future resulting from what is happening now can believe that the fund proposal primarily involves technical details.

Society undergoes changes all the time. Via technical intervention, politicians try to guide these changes from yesterday to tomorrow. The funds are the technique for transforming yesterday's mixed economy to tomorrow's fund socialism.

Fate of Fund Proposal Viewed as Uncertain

Stockholm DAGENS NYHETER in Swedish 3 Jul 83 p 6

[Editorial by Jan-Erik Nyberg: "Another Deadlock?"]

[Text] The Social Democrats want to avoid a third fund election in 1985 at any price. That is why the government is in such a rush to present a bill on the wage-earner funds. But the tactics behind the haste may not succeed. The fund proposal is still far from being home free.

In reality it is a quite far-reaching proposal that has been pushed through in half a year and published in three different reports. The last one was the report on organization of the wage-earner funds, which the government's fund expert, P-O Edin, presented on Thursday.

Five regional wage-earner funds will be set up within the framework of the AP system and they will be given large amounts of money during the 1980's--400 million kronor per year for each fund at today's rates. If the funds

succeed in their investment policy (which is not at all certain with the design they have been given), they will own stocks worth more than 14 billion kronor in 1990. To that must be added the stock holdings of the fourth AP fund, with a current market value of at least 4 billion kronor.

It is estimated that in 7 years, the funds as a whole will have around a tenth of the total value of the stock exchange at their disposal. This may seem like a small percentage. But it is enough for the five wage-earner funds and the fourth AP fund together to be dominant owners in a good many large companies.

The investment report recently suggested imposing a certain yield requirement on the funds--3 percent of real interest per year. That is quite a high requirement, which at least could not have been met in the 1970's. Edin backs the ideas of the investment report. But at the same time he proposed a fund design that would undermine that very yield requirement.

Each fund board would be obliged to turn over 50 percent of the voting rights on fund stocks to the local union. If there is any rhyme or reason for such a system, Edin must have in mind that the local union will approve other objectives than the high yields the fund board must work for.

The government will appoint the various fund boards, with only a 1-year mandate. In other words it will be very easy to replace a board that does not behave as the government thinks it should, for instance if it does not support companies in crisis when this is regarded as politically desirable.

And what reason is there to think that the fund boards would have any interest in maintaining the yield requirement when they are subjected to union or political pressures? After all, they are guaranteed another 400 million kronor each year and they can easily be replaced if they show too much independence.

The government's plans for the future handling of the fund proposal are now clear too. A government bill will be presented to parliament as early as November. After a parliamentary resolution in early 1984, the fund system will be set up.

But first the proposal must go through a comprehensive parliamentary debate. It is also hard to imagine that the government will dare present such a radical law proposal to parliament without first sending it to the Law Council.

In that case, the debate period will be extremely short. The government may regard that as an advantage. Troublesome views can be eliminated. In addition the proposal certainly has such solid support in the government and in the LO leadership that any other views would scarcely be welcome. The proposal we have now is to be implemented--not discussed.

But it will not be easy to do that. A fund bill cannot be passed in parliament with Social Democratic votes alone. Since the nonsocialist parties will reject any fund proposal, the government will have to depend on winning the support of the communists.

But VPK is by no means impressed with the current proposal. Lars Werner has already hinted that it should be "improved." And in the past the party has put quite a high price on supporting government proposals.

Thus it is unclear what will happen. Perhaps the proposal will pass in its original form. Perhaps VPK will force the government to make concessions. The fund issue might also produce another deadlock.

The possibility remains of allowing the citizens of Sweden to decide the entire issue in a popular referendum.

Party Press Reactions to Funds Analyzed

Stockholm DAGENS NYHETER in Swedish 5 Jul 83

[Editorial by Olof Kleberg: "The Funds and the Reaction"]

[Text] Good old Social Democratic reform policy or a cloak for socialism? The latest proposal from Per-Olof Edin, who has spent many years working on funds, concerning the organization of wage-earner funds ran into diametrically opposed reactions in the Social Democratic and the nonsocialist newspapers.

By and large, Conservative, Liberal and Center newspapers have the same opinion, although the tone of voice varies. In 1984, Sweden will join the march toward a fund society, according to SVENSKA DAGBLADET (independent Conservative), but VASTERBOTTENS-KURIREN (Liberal), GÖTEBORGS-TIDNINGEN (Liberal), SYDSVENSKA DAGBLADET (independent Liberal), SKANSKA DAGBLADET (Center) and many others also see the proposal as the introduction to a change in the system.

On the other side, the Social Democratic newspapers are drawn up, although not quite as unanimously as the nonsocialist press. They all tone down the importance of the proposal, however. "Another AP fund," wrote NYA NORRLAND, for example, in a typical phrase. Here we find the desire to describe the proposal as a simple technical improvement of the supply of capital to the private sector, but there is also an undertone: it really should have been something much grander.

STOCKHOLMS-TIDNINGEN, which argued that there should be a stop to funding within the movement, expressed satisfaction. This is not a first step toward a wage-earner fund, but a measure complete in itself, the paper wrote in

relief. Colleagues like VARMLANDS FOLKBLAD, OSTRAS SMALAND, FOLKBLADET OSTGOTEN and HALSINGE-KURIREN agreed.

Another group of Social Democratic newspapers, such as VASTERBOTTENS FOLKBLAD and NORRLANDSKA SOCIAL-DEMOKRATEN see the proposal as a step on the way, on the other hand. Just a beginning, according to VASTERBOTTENS FOLKBLAD, which says that the proposal must be seen as watered down. NORRLANDSKA SOCIAL-DEMOKRATEN called for more decentralization and direct elections.

ARBETET seemed to be the most enthusiastic. An important step toward democracy, the paper announced while deploring at the same time, like several other Social Democratic papers, that a limit had been placed on the funds' stock holdings in individual companies. There should have been a "direct pipeline" to the individual, according to ARBETET, along with OSTRAS SMALAND, for example.

Thus the scene is set for a violent pounding away at the funds and an obligatory but restrained defense of them. Nothing productive can result from this for either side.

It is understandable that the first reactions should be like this, especially since many have not yet managed to get their hands on the entire proposal. But now a new phase in the debate must begin.

The important thing for the Social Democrats to decide is whether this is a first step toward wage-earner funds, as Kjell-Olof Feldt promised just a few weeks ago. Or whether the proposal should be presented as a technical improvement in the present system. In the latter case, they should be prepared to make substantial concessions.

But the LO and Social Democratic congressional resolutions remain and enough people remember them: the funds will support the unified wage policy, counteract the concentration of power in the private business sector, strengthen wage-earner influence and increase the supply of capital. It will be hard for the party to get away from these objectives. LO will be sure to remind the party of them.

On the nonsocialist side, the important thing will be to refine the criticism. Slogans such as "a declaration of war on democracy and the public good" (Conservative Party secretary Georg Danell) seem effective at the moment. But how many will be influenced? It is also necessary to outline an alternative. In reality, not everything is perfect in today's private business sector.

What is needed first, however, is an examination of the three fund proposals now before us, an objective and critical analysis with a description of the possible negative consequences.

There are several objections to the probable Social Democratic strategy that this is just the usual Social Democratic reform policy.

In contrast to the Investment Bank and the fourth AP fund, the wage-earner funds would have their own built-in dynamics. They will grow by around 2 billion kronor a year.

By 1990 their capital holdings will not be insubstantial compared to those of the biggest investors on the stock exchange; on the contrary. The ban on owning more than half the stocks in a single company is meaningless--holdings of only 5-10 percent give control in many companies.

These dynamic funds with as yet unclear objectives (the stated requirement for high yields and the unstated but strong desire for regional development stand in conflict with each other) will ultimately be managed by government-appointed boards named for only 1 year at a time. Thus a government that feels like doing so can strongly direct the funds and their policies.

Issue of Direct Board Elections Examined

Stockholm DAGENS NYHETER in Swedish 6 Jul 83 p 2

[Editorial by Olof Kleberg: "Feldt Does Some Touching Up"]

[Text] "We never considered starting off with direct elections for the wage-earner funds--that should have been clear to everyone who studied our congressional resolution and listened to what we said," Kjell-Olof Feldt said in a TT interview.

"No election promise was made. We did not promise general or direct elections during any specific time period," Feldt continued.

Those who have studied the Social Democrats' congressional resolution must have seen that direct elections certainly are the goal, but that these cannot be carried out in the very beginning, Kjell-Olof Feldt is right about that. Wage-earner fund boards "will be appointed on the recommendation of wage-earner representatives in an introductory phase," the statement of the party board to the 1981 congress states.

But what then happened in the 1982 election campaign was that Olof Palme, faced with the massive criticism of the "union funds" and after appeals from his own party press, made a move in Almedalen in July. It would be great if the transitional stage of indirect elections could be eliminated, he said at a press conference held in connection with the speech. He himself saw "strong reasons" why all citizens should have a right to vote, even though the 1981 party congress defeated a motion calling for precisely that.

It is not impossible that direct elections to fund boards could be held as early as the time of the 1985 election, Palme explained later, when the party's election manifesto was presented in August.

This theme of the popular influence over the funds was repeated in the campaign. The union label had to be washed out.

Those who listened to "what we said" could not have had the impression that Feldt is now trying to give. But he has to touch up reality in order to make the fund moves seem consistent.

In the TT interview, Feldt indicated another Social Democratic dilemma. On the one hand he said that "we really listened to the views of others," but on the other he said that "this proposal does not differ much from what we said in previous reports." With regard to fund doubters, it is important to seem flexible; with regard to LO it is imperative to seem unshakeable, firm of principle. Oh, what a tough job°

Per-Olof Edin Profiled

Stockholm SVENSKA DAGBLADET in Swedish 1 Jul 83 p 2

[Commentary by Mats Johansson]

[Text] Rosenbad--Perhaps few Swedes noted the significance of the day, but on Thursday, 30 June, Per-Olof Edin introduced fund socialism in Sweden. This happened at a press conference in the marble-clad media auditorium in the Government Office Building.

It is true that the fund socialists still have to clear a few minor obstacles. The government has to prepare a bill that will gain the support of the communists in parliament.

But now at least the basic job has been done and Edin can feel satisfied--the party congress decided on fund socialism and fund socialism is what they are getting. Eight years of uninterrupted struggle on the part of the young LO analyst are approaching a well-deserved fruition.

No wonder Edin displayed sunny smiles right and left. This was his big day. It is true that journalists detained him almost an hour and a half after he read the fund decree, but the grilling did not seem to bother him.

Externally, Edin is perfect as fund general: unaffected, calm to the point of being leisurely, indulgently generous with a reply to all conceivable questions, not at all the commissar type.

No, Edin is not the man to scare children with. Fund opponents must place their hopes in the chance that the prime minister will take over the issue.

Seen from the outside, Edin also seems believable. He can reel off percentages here and billions there, he refers to what was contained in this decision and in that report and he knows all the fine words: there is a lot with yields, allocation, incentives, correction mechanisms and means of control during the story hour.

There is simply no question of power, much less of socialism. The funds will simply "improve the supply of risk capital," they will actually strengthen the market economy.

How firms are going to get more capital by taking money away from them and giving it to fund boards is something Edin cannot exactly explain, but it has something to do with lower wages. One would think one had been transported to a summit meeting of the "preachers of hatred and ill will" in the Swedish Employers' Confederation.

The funds will be "active owners," but not too active, according to Edin. Then they might achieve owner responsibility and that is really out of the question. Not even when they become the largest stockholders with 49 percent of the votes will they have power. Above all, no union will dominate this impotent power. Not even on company boards of directors will the funds exercise power, they will have only 0-1 representative, so that their lack of power is guaranteed.

Not will the funds pursue regional policy; they will just be regional. And even though the fund board majorities will be union people, they will not be elected by the unions but appointed by the government. Can one off-hand think of anything more powerless?

Edin gives a pat on the back to the "serious" men in the business sector who influenced him in the work of introducing fund socialism. It turns out to be the management of Gambro that is being honored by the kindly Edin. The rest of the private sector and opinion polls have not played any role.

All in all, Thursday, 30 June, was probably a great day in the life of Per-Olof Edin. No rain fell on him. They can be content, the assistants in the Government Office Building's unit for Newspeak. Edin has been a diligent pupil.

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BUSH STATEMENT, IISS REPORT SPARKS NORDIC NEUTRALITY DEBATE

Helsinki HUFVUDSTADSBLADET in Swedish 7 Jul 83 p 11

[Commentary by Larserik Haggman: "Neutrality and Finlandization"]

[Text] Has there been a de-Finlandization after Koivisto's acceptance of the presidency? Is Swedish neutrality being undermined? Is Sweden becoming Finlandized?

Norwegian and Danish security policy experts have sharpened their pens on the Nordic situation. At the same time, U.S. Vice President George Bush has expressed confidence in Swedish neutrality. On Finland he was at first skeptical, but later he supported our policy of neutrality.

From the Soviet point of view, the position has been steady since the beginning of the 1970's. Earlier there were irregular statements, but in recent years written communications have indicated that Finland's efforts are being realized.

It was actually during Urho Kekkonen's time as president that it became important to seriously seek recognition of neutrality from various directions. Kekkonen often stressed that a unilateral proclamation was not enough -- it also had to be recognized.

During his state visits in various countries, Kekkonen came a long way toward achieving his goal. Both the leading Western powers and the Soviet Union gave their recognition, even if in somewhat varying forms.

The usual document from the West and in the North has referred to Finland's special policy of neutrality, or the Finnish neutrality with its special consideration.

The Geographical Position

The special formulations point most closely to Finland's geographical position as the neighbor of a superpower. They naturally contain understanding of the necessity of giving consideration to the Soviet Union.

The expression, "Finlandization," which in Finland has been perceived as negative, stands for the same sort of attitude. It was first coined in the German speaking countries and came into general use when increased tension arose in relations between the U.S. and Europe in the Western camp.

Just as the West does not like to talk about neutrality as far as Finland is concerned, the East has not liked to do so, either. The Soviet Union has held fast to its friendship treaty and to mutual good relations, etc. This has led to formulations that include a striving for neutrality and at the same time emphasize the treaty and work for peace.

On the eve of Vice President George Bush's visit to Finland at the end of the week, a problem in terminology also arose. At a press conference before his European trip, Bush said that he thought Finland was courageous and intensely independent. In a later correction, it was said that the U.S. supports Finland's policy of neutrality.

Defense more Neutral

In a publication of the Strategic Institute in London, the Danish defense policy expert Erling Bjøl claims that Finland's defense force is more neutral than its foreign policy. At the same time, Bjøl thinks that Sweden is about to be Finlandized.

According to Bjøl, all the following epithets could be applied to Finland: the Soviet Union's captured pawn, a model for the other Western countries, and the Soviet's Trojan horse in the West with its goal of loosening countries from NATO.

Erling Bjøl does not want to apply any of these definitions as such to Finland. According to him, all of these ingredients have existed in Finnish policy at different times and to different degrees.

Stopped lecturing

When President Koivisto took over the president's post, a development toward de-Finlandization took place. Bjøl points among other things to the fact that Finland has stopped lecturing its Nordic neighbors.

The Danish expert sees Finlandization, which he does not define more closely, as more political. On the other hand, he considers the defense force to be definitely neutral.

Bjol notes that Finland's army is just as large as Sweden's in spite of the fact that the neighboring country has a population twice as large. According to him, nevertheless, the defense force on the southern coast is set up more to prevent brotherly help from the East than to repel an attack from NATO.

To this Bjol adds that Finland has more officers and reserve officers than any other Western country.

Sweden is Being Finlandized

In his article Bjol also analyses the other Nordic countries. In the case of Sweden, he claims the country is being Finlandized.

Bjol builds his argument on military considerations, even though he also finds new political tendencies. According to him, the reduced defense expenditures are the primary reason that Sweden is about to be driven into a Finlandlike situation -- a position in which Sweden can be forced to adjust its policy according to Soviet wishes.

It is possible that Sweden no longer has the means to defend its neutrality. Swedish defensive capability has been undermined, Bjol claims. The import of weapons is constantly increasing.

Anti-Western Voices

In an interview with DAGENS NYHETER, Bjol also noted new criticism of defense, anti-Western voices in the Swedish debate. The most disturbing thing seems to him to be that the reduced capabilities of the fleet and the land forces mean that Sweden can no longer fulfill its role as a balancing power in the North. Obviously he means balanced between the members of NATO and the friendship treaty bound Finland.

Bjol also expresses the opinion that the Swedish Social Democratic leadership's thoughts are dominated by the idea that poverty in the underdeveloped countries makes up the greatest security threat. Therefore, according to him, Sweden is shifting money from defense to aid to underdeveloped countries.

In the meantime, NATO membership does not seem to completely dictate security policy thoughts. Bjol, who is the Chairman of the Board of Denmark's Foreign Policy Institute, is strongly opposed by his Norwegian colleague in the Norwegian Security Policy Institute.

Finlandization Positive

Johan Jorgen Holst says that Bjol is a historian and therefore tempted to draw parallels from Denmark's and Finland's history. He dismisses the whole argument for security policy reasons.

"I have always perceived Finlandization as something positive," Holst says. "Finland has achieved independence and freedom of action that the Eastern

European countries lack."

Holst also criticizes the reasoning on Sweden. He claims that the world draws more conclusions from how Sweden handles the submarine incidents than from any marginal cut in the defense budget.

"For Norway, two things are important -- that Sweden is strong in the north, and that the country controls its air space," Holst said to DAGENS NYHETER.

Holst was the Undersecretary of State when the Social Democrats were last in power in Norway. He is obviously well-acquainted with the unofficial discussions that were carried on between Finland and Norway, both on a declaration concerning the northern border and on a nuclear weapon free zone in the north.

It therefore attracts attention when Holst refrains from commenting on Bjøl's statement that the Nordic zone is a Soviet idea that Kekkonen was forced to present.

According to Bjøl, the attempt to break Norway and Denmark away from NATO in the sixties by means of the zone failed. According to him, the debate only became serious later with NATO's so-called dual decision on new missiles.

Connection to Geneva

It is clear that the debate is now coming forth from Sweden and Finland. It is a debate that obviously disturbs the West even if George Bush in Sweden said it was interesting to hear Olof Palme's opinion on the question.

It has been maintained that the question now -- not formally, but in fact -- has been connected to the Geneva negotiations. The Soviet's repeated initiative on the zone is supposed to be an attempt to keep the discussion alive. The U.S. is supposed, according to this reasoning, to prefer to put everything on ice. The zone discussions could now, from the American point of view, impair the West's negotiating position in Geneva. This is a line that the Norwegian Prime Minister Kare Willoch has also expressed. It remains to be seen what Bush and Koivisto discuss.

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AKEL DENIES CHARGES OF COMPROMISE IN POLITICAL DECISIONS

Nicosia KHARAVGI in Greek 20 Jun 83 p 3

/Text/ There are some who--faithful to the "tradition"--continue to scoff, to fume and to vilify AKEL's position (which is not alone) on the need to make political decisions.

The foes of this position buttress themselves behind a false argument: That presumably the making of political decisions--as sought insistently by AKEL --means "new concessions." And therefore--according to their logic--we must not move forward on this basis.

Many times in the past we have noted that those who today shudder at the words "political decisions" in reality are void of argument. They have nothing--in essence and in form--to present against the precise and documented position that political decisions are needed now and not tomorrow.

We would not have bothered to deal with them except that they repeat like parrots the same phrases at this moment when we are perhaps at the most critical juncture of the Cypriot problem.

It appears that the followers of "nothing" have no political vision. It seems that they cannot see. They cannot read. Because if they could see and if they could read they would find easily what AKEL advocates--and not what they imagine it advocates. There is a difference...

We wish to remind them, however, of a quotation from the comprehensive speech AKEL Secretary General E. Papaioannou made at the party's Central Committee Plenum: "Both sides," he said, "should decisively contribute to the success of the UN secretary general's initiative. And this will happen if plans are immediately undertaken to reach those political decisions which will help to make real progress."

At the same time he added:

"There are the UN resolutions, including the 3212 one which was approved unanimously, even by Turkey. There are also the summit decisions which constitute general principles. There is an agreement in principle for a solution based on bi-zonal federation. The solution of the internal aspects

of the problem is to be found in the context of what has already been agreed."

We ask therefore the perennial scribes of the prophesies. Where is the "concession" by AKEL? Where is the "compromise"?

We know that these various anti-AKEL scribes are not going to give us an answer--at least one based on data and proof. For them it is not so important to reply as it is to throw mud. This is their "principle". A principle which is based on wishful thinking and political blindness. For this reason it remains thrown in the waste basket without popular following and support.

7520

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LIST OF MEMBERS OF PRAGUE PEACE MEETING DELEGATION GIVEN

Nicosia KHARAVGI in Greek 22 Jun 83 p 1

/Text/ Prague, 21 June (Special Correspondence). The World Conference on Peace and Life Against Nuclear War opened today in Prague with the participation of 2,500 delegates, 500 guests and 750 journalists from all corners of this planet.

The conference is attended by a strong Cypriot delegation including Greek and Turk Cypriots. An honored place in the presidium is occupied by Metropolitan Khrysostomos of Kition, and AKEL Secretary General Deputy E. Papaioannou.

Joint Declaration

An initial contribution by Cyprus in this great gathering is the presentation of a joint declaration approved during a meeting of all Cypriot delegates. The declaration, which caused a great impression among the foreign delegations, said:

"We the Cypriot delegates, Greeks and Turks, participating in the World Conference on Peace and Life Against Nuclear War which convened in Prague (21-26 June 1983) feel the need in these critical moments when a nuclear war threatens humanity, and when strong forces in every corner of this planet enter the struggle to preserve life, to call on all Cypriots, regardless of race, religion or political affiliation to take part unanimously in the struggle for peace.

"Cyprus, which the aggressive imperialist forces want to turn into an unsinkable air carrier, must become completely demilitarized without any foreign armies or bases, a bridge of peace and friendship in this hot region of the Eastern Mediterranean. This is what is required by the vital interests of the Cypriots, Greeks and Turks, who do not want to be the last inhabitants of this historic island which has survived for thousands of years.

"In this connection, it is necessary that all sides make every effort so that a speedy, just and peaceful solution of the Cypriot problem is found--a solution which will rule out union with any other country or partition of the island.

"In this regard, the new initiative of the UN secretary general offers a good opportunity and he should be encouraged in his effort to reopen the intercommunal talks, to speed them up and to make them fruitful.

"We consider the contacts between the leaders of political parties and mass organization of the two communities useful, and we support the implementation of practical measures of good will which will promote mutual confidence and will contribute to the task of the good offices of the UN secretary general. We are all convinced that it is possible to establish, within the agreed framework, an independent, sovereign, territorially united, federal, non-aligned and demilitarized Cyprus, taking into account the legitimate interests of both communities, so that the sad events of the past will not be repeated, thus securing for our children a better, brilliant future.

"We support peace in our country and throughout the world.

"Turning Cyprus into a bastion of peace will be the best contribution of the Cypriots, Greeks and Turks, to the course of peace and security throughout the world."

The declaration is signed by: Giangos Potamitis, chairman of the Pan-Cyprian Peace Council /PSE/; Panikas Paionidis, PSE secretary general; Hasan Saritza, chairman, Turkish Peace Committee; Stathis Kittis, member, Democratic Party Central Committee; Albey Dourdouran, chairman, Turkish Liberation Party; Ozkier Ozkiour, chairman, Turkish Republican Party; Metropolitan Khrysostomos of Kition; Mikh. Tapakoudis, secretary general, Cypriot Committee for European Security; Khristos Artemiou, chairman Pan-Cyprian Refugee Committee; Khambis Mikhailidis, secretary general, Union of Cypriot Farmers; Mikhalis Lytras, secretary general, Pan-Cyprian Farmers Union; Stelios Mandriotis, secretary, Limassol Pan-Cyprian Federation of Labor; Hasan Sariza, secretary general, NTEV-IS; Evgenoula Koutsouridou, assistant secretary general of the Pan-Cyprian Federation of Women's Organizations; Mikhalis Papapetrou, president, United Democratic Youth Organization /EDON/; Filippos Pattouras, member, EDON Central Council; Omer Koliantzou, chairman, Cypriot Revolutionary Youth; Kypros Kourtellaris, secretary general, Pan-Cyprian Federation of Students and Young Professionals /POFNE/; Khristina Valanidou, member, POFNE General Council; Georgios Pieridis, author; Ioli Paionidou, soprano; Vladimiros Kavkaridis, actor-producer.

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CSO: 3521/272

RETIRED ADMIRAL ON PITFALLS TO TFSC INDEPENDENCE

Istanbul MILLIYET in Turkish 18 Jul 83 p 2

[Article by retired admiral Sezai Orkunt in the column "Thoughts From Those Who Think": "Cyprus on Its Way to Independence"]

[Text] Cyprus too is experiencing in all its rigor the drought which afflicted Anatolia this year. The Messara valley, which is considered the granary of the island, is plagued with puny, burnt out wheat stalks no taller than an inch. There are serious water shortages in various locations.

In the town of Girne, which is a tourist center, there is a noticeable trading activity in comparison to previous years. The restrictions we brought to the island after the 1974 Military Operations, following heaven knows whose advice, and which did not conform with its economic structure, have been largely lifted and development has accelerated. While Nicosia continues to be the political and wholesale trade center, in the Gazi Magossa area, whose touristic potential remains limited, there is almost no development. The Maras zone, which has great touristic potential, remains in its ghost town condition and the inability to benefit from such immense possibilities makes the heart ache.

Hot Summer

Aside from this overview, the TFSC has entered a politically very hot summer. The latest resolution of the Federated Assembly and the submitting of the referendum bill to the assembly are a hard blow to the United Nations resolution and to the position of Greece and the Greek Cypriot authorities.

The biggest domestic and foreign problems of the TFSC at present are the declaration of independence and putting on record, through a referendum, the people's wish for independence. There are some differences of views on the meaning of "Independence" between the government and the opposition. While the government sees independence as imperative for solving domestic and foreign problems, the opposition stresses the dangers which might arise in the future from a wrong interpretation of the conditions for independence. And, at first glance, there no great differences in the opposition's proposal. However, the apparent similarity in fundamental thinking, due to ambiguous wording, shows rather a different interpretation of the ideological concepts.

On 17 June 1983, the TFSC Assembly passed a five article resolution regarding independence. This resolution was passed with 23 positive votes against 6 negative ones. The principle of the resolution is that the Turkish Cypriot

people have the right to determine their own fate themselves (self determination). However, even if some difficulties arise from the exercise of this right, the result will be that this will constitute no impediment to establishing, through talks on an equal footing, an independent, autonomous republic, based on a dual-population, dual-zone.

The Views of the Opposition

The proposal of the opposition, on the other hand, is an autonomous, independent, dual-zone, dual-population republic, designed to give equal sovereignty to the Turkish people of Cyprus and to prevent them from falling into a minority status. The aim is similar in both cases.

The government, in the face of pressures, prefers to declare independence first and subsequently to seek the means of unification within a federal framework.

As for the opposition, it claims that a declaration of independence is fraught with danger and it wishes to achieve a federal system through negotiations, while continuing with the existing status quo. Since attaining a federal status through negotiations has not shown any developments which give cause for hope up to now, there is no doubt that no benefit can be derived from persisting and that this would only lead to stagnation and allow time to work in favor of the Greek side. As for the dangers inherent in a declaration of independence (a serious deviation from the November 5, 1976 resolution of the Federated Assembly) they are points such as : its aiming, under the name of independence, at the adherence of the Turkish population to other countries and its being separated from the whole of Cyprus; its preventing Cyprus from being rid of unrelated and foreign military bases; its suppressing the possibility of acceding to a non military status for the whole of the island. Besides, independence could lead both sides to a double "Enosis" and, the island being subjected thus to an unwanted division, could be left open to a future exploitation by the NATO and U.S. military forces. According to our observations, the views of the opposition are nothing but a repetition, in a political context, of the misgivings conveyed through the ambassador of the USSR to its local supporters. When examined with an impartial eye, this approach allows possible constraints and it also strays rather far from reality.

There is no doubt that the implementation of this assembly resolution is related to the referendum bill submitted now to the assembly. If, as a result of the referendum, a crushing majority of the people prefer independence, it will become a patriotic duty for the political parties to respect this decision and, if it is subjected to pressures from the other side, to support its implementation. The TFSC government views independence as a step toward solving the problems which are piling up before them like a mountain and which result from rights that are not recognized at present by international law.

Some of the Problems

- Because the TFSC has not been accepted by other nations as an independent nation and because the Greek authorities are viewed as the lawful government of Cyprus, ships, airplanes, travellers, trade and goods from every nation cannot come directly to the Turkish zone and this leads to a serious crisis in commerce and tourism. Although flights from Turkey to Cyprus are possible,

for reasons difficult to understand this cannot be resolved. The Turkish zone can only secure a big influx of Turkish currency, resulting from the excessive purchases of Turkish tourists.

- For the same reason, the TFSC has no valid currency for international procedures. It has no such indispensable institution as the Central Bank.
- There is a decline from \$1,800 to \$1,200 in the population's buying power and the low income sector is being squeezed by the high cost of living.
- If there is one sector into which nationalism and a rigid trade regime do not fit, that is the Island's type of economy. In all the islands of the Mediterranean that is a joint undertaking.
- The Island has a conspicuous water and electricity problem which ought to be solved.
- The TFSC has a great need of trained, able and experienced cadres who can take over authority with more confidence in the future. The founding of a university on the Island, which will mold its own youth, under its own local circumstances, to ensure a generation which can master problems, is imperative.
- At this point the TFSC population has no identity card.

Political Facts

- The Turkish side cannot look on the political developments in Cyprus with an abstract political eye. Turkey, on the basis of the right of the guarantor, was compelled to establish active military conditions in the North of the Island. As long as there are no definite guarantees, those conditions cannot be changed.
- The Greek side, under the pressure of Athens also, is disinclined to reach any agreement or to make concessions regarding the right to a lawful Cypriot state and it will continue to be disinclined. What is being done, in playing for time, is to pressure Turkey and the Turkish Cypriot authorities into concessions by getting international organizations and lobbies to interpose themselves. It is those pressures that are the source of the wish for independence in the TFSC.
- As far as we can see, there are 7 alternatives for the Island. The most reasonable one is the above mentioned federal system which is being projected and worked on. However, unless they are seriously compelled, the Greek Cypriot authorities and Greece will never turn their heads in that direction. Under the circumstances, intercommunal talks would be fruitless and would only serve to lower the tension; time does not work in favor of the TFSC. Despite the difficulties it will create, the declaration of independence is the only compelling path to a solution.

One important point is the following: that, generally speaking, both the Turkish and the Greek people are not inimical to each other, they have been made into enemies. For long years they have lived together and they can again live together and develop better their own governmental and economic conditions. There is no doubt that, if left to the people, this fusion will be much easier. We do not believe at all that the Greek side which has suppressed those possibilities for a reconciliation can understand this fact.

Result

In the general context of this situation, according to what we saw on the Island and our impressions from our contacts, the TFSC and its population are being pushed into a declaration of independence. This has also become a creed. Apart from delaying tactics, there is no hopeful glimmer of light from the Greek side. The only thing that remains is a question of timing. And I believe that the timing will be determined by the conditions the Turks of the island will have to face.

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CSO: 3554/375

PCLITICAL

CYPRUS

BRIEFS

SOVIET BOOKS DONATION--Soviet Ambassador S. Astavin, accompanied by First Secretary of the Soviet Embassy Titaev, visited Minister of Education St. Katselis, and handed him a number of Soviet books representing several facets of Soviet publishing. In delivering the books Astavin referred to the very close and friendly relations between Cyprus and the Soviet Union, which, as he said, are constantly expanding. Katselis thanked the Soviet ambassador warmly for his gracious gesture, which is one more expression of the close cultural relations between Cyprus and the Soviet Union. /Text/
/Nicosia 0 FILELEVTHEROS in Greek 25 Jun 83 p 57 7520

CS0:3521/372

ROVAN VIEWS ORIGINS, FUTURE OF NEUTRALISM TRENDS

Paris DEFENSE NOUVELLE in French 2nd Quarter 1983 pp 12-16

[Speech by Joseph Rovin, professor of German civilization at Paris III University, to the French Association for the Atlantic Alliance in Paris, date not given]

[Text] Election timetables and the concentration on politics caused the French to overlook the importance of what was at stake in the FRG on 6 March 1983, even though Francois Mitterrand had said during his trip to Bonn on 20 January that "what happens in the FRG is more important than our local elections." Indeed, what was facing the West Germans was a fundamental choice concerning future developments in West Europe: either adherence to the West with a will to defend that Europe or a "neutralist drift" leading eventually to "Finlandization" in preparation for absorption by the East.

As early as 1981, Joseph Rovin, a professor of German civilization at Paris III University, had drawn the attention of observers to the neutralist temptation facing the FRG, its origins, and its future.

Rovin has very kindly given us permission to present our readers with the fruit of his reflection as a means of understanding what was at stake in the elections of 6 March.

The text below is the transcript of a talk given by Rovin before the French Association for the Atlantic Alliance (AFCA), whose address is 185 rue de la Pompe, 75116 Paris (telephone: 553-1508).

Perhaps some of you already know that 3 years ago, I published a small book in pamphlet form defending the FRG against a number of accusations brought against it in 1976 and 1977. Those accusations were made not by the Communist Party and its friends--after all, accusations of that kind do not need rebuttal--but from the French noncommunist Left.

That booklet was entitled "Germany Is Not What You Think." In it, I tried to show that the FRG was a democracy--incomplete and imperfect, to be sure, like

all those we know, but nevertheless worthy of comparison with our own. The booklet was also intended to show that the FRG was a democracy threatened from within and without by totalitarian forces, that it therefore had the right to defend itself and was, to its credit, doing so.

My book was not an apology but a defense, and that defense concluded with a judgment that was "positive on the whole," to quote an author who is only too well known. I am not sure, however, that I can repeat that judgment today with the same vigor and in similar terms.

There is scarcely any doubt that the FRG's internal situation, at least in comparison with its foreign policy, has deteriorated seriously over the past 3 or 4 years. There is also scarcely any doubt that the concern you feel over the general development of neutralist trends in Europe is currently, and very regrettably, finding justification in the FRG.

It is true that this is not the first time that the inhabitants of the FRG have been subjected to neutralist temptations: such forces revealed themselves in Germany just after the war. They were encouraged and nurtured from outside the country and were important at various times. However, the massive and almost total rallying by the Social Democrats in 1960 to the foreign policy pursued by the West German Government since 1949 had brought us--in France as well as in the FRG--to the point of no longer taking those temptations and leanings seriously. And rightly so, incidentally, since for nearly 20 years they had represented opinions held by groups who were very much in the minority and on the fringe.

Today it is striking to have to note that such a reversal of the trend has occurred over the past few years that it is no longer possible to describe those leanings and opinions and that temptation as being on the fringe.

First Difficulties With "Anchorage in the West"

To understand this, it is necessary to go quite far back.

Let us divide the history of West German foreign policy since the war into three periods. We can observe that during the first period, which began sometime around 1930 the great majority of West Germans were led to accept the idea of participation in the effort to defend the free world. They were conscious of belonging to a camp which was, on the whole--to use that expression again--superior to the other one. It was also stronger and therefore able to offer such a deeply shaken and afflicted people the security which it knew it needed.

The most optimistic among them could even hope that the free world's superiority was so great that it would someday be possible to push the Soviet occupation zone in Europe back to what had been the USSR's frontiers in 1939. Without going that far, West German public opinion as a whole had no doubts concerning the security provided it by the Western alliance. It no doubt accepted the alliance for ideological and moral reasons, but also for material reasons, since every people needs to feel reassured and secure. That movement of support

was all the more remarkable in that only the simple-minded or those wanting to delude themselves could ignore the fact that the inescapable consequence of "anchoring" themselves in the free world would be the permanent division of Germany, which was what the Soviet Union wanted.

That first period lasted throughout the time of Chancellor Adenauer's government, although by looking a little more closely, one can see that the thinking in one sector of West German public opinion was beginning to change as far back as the early 1960's.

Beginning in 1969, however, after the transition carried out by the "Grand Coalition" between 1966 and 1969, the second period opened up. During that second period, the policy of detente pursued by the Western powers--picked up and developed with their agreement by the Brandt government--was certainly based on the observation that the military, material, and political superiority of the free world was no longer what it had been in the 1950's.

In other words, every West German who took the trouble at the time to look at the world in which he was living could see that while Soviet superiority did not exist in all fields, there was at least Soviet equality--a change that was to be expected now that the Soviet Union had become a nuclear power. But since the entire Western world was committed in varying degrees to the policy of detente, and since there was constant and almost unanimous talk about the possibility of peaceful coexistence with the Soviet world, the fact that the situations had become equal was not perceived by most sectors of West German public opinion as a weakening of its security.

The third period, which began just a few months ago with the end of the Carter era and President Reagan's victory, seems to be the most decisive. The credibility of the ideology of detente is being contested more and more frequently and the effectiveness of that policy is being challenged in various sectors of Western public opinion.

With doubts appearing and spreading concerning the effectiveness of detente--and this at a time when the Western military situation is no longer one of superiority--it is natural that people who live right on the frontier and who, in case of conflict, would see their territory invaded, occupied, or devastated, should wonder about the future of their security. That security had been guaranteed at first by the superiority of the Western world and then by consensus concerning detente. Now that detente is being challenged and there is no superiority in the Western camp, a growing number of people can legitimately wonder about the future of their security and the security of their country.

I believe it is necessary to keep this somewhat simplistic picture of the development of thinking concerning the FRG's security in mind if one is to understand how, over the past 2 or 3 years, neutralist trends have been able to develop in West German public opinion at an accelerated rate. But even within the picture as I have presented it, qualifications and further remarks are necessary.

I said earlier that West German public support for the "anchoring" in the West had been massive. It must not be forgotten, however, that from 1945 to 1959,

the Social Democratic Party (which represented nearly half of that public) and a few small groups thinking and talking in the same way had rejected that "anchoring." What they rejected was not its purpose but its form and, especially, its military aspect, and they did so with a number of arguments that we are again hearing expressed today in various forms by new generations.

The choice of democracy--and it was the choice of the great majority in the Social Democratic Party as well as the other West German parties after 1945--had been reflected in particular in the very firm rejection by Schumacher and his friends of the Russian-sponsored attempt to unify the Socialist Party and the Communist Party. But for Schumacher and most of his friends, the will to make Germany once again a democratic nation went hand in hand with the will to represent, over against all the allies--including especially the Westerners, since it was to them that the FRG was appealing--the real and respectable interests of a German people liberated from the Nazi dictatorship. (It must not be forgotten, incidentally, that Schumacher had led the struggle against Hitler long before the Western nations became involved--at a time when they were still trying to reach agreement with Hitler in Munich.)

For Schumacher and his friends, who remembered the accusations that had been constantly leveled at the Social Democratic Party since 1918, it was necessary to appear as the representatives of all their people and never again to incur the charge that they lacked national spirit. That explains why the Social Democratic Party tried for a long time to act as spokesman for German unity. It explains why the party tried to prevent Germany's participation in the Western military effort in the ways assigned to it. And in particular, it explains why the party proposed not neutralism, which at the time seemed impossible, but a policy whose chief objective was to achieve what Brandt actually did achieve after 1969--that is, to sound out the possibilities for improving the situation of East Germans within the framework of the Eastern bloc.

It was only the failure of that policy--a failure due in large part to its rejection by the Soviet leaders, who themselves supported a policy of clarification and a clean break--which eventually led the Social Democrats to rally--temporarily--around the choices that Chancellor Adenauer had made long before.

Schumacher and his successors were not fanatical pacifists who would have opposed any possibility of West German rearmament in the defense of democracy. One of the first questions put by Schumacher to his Allied interlocutors after the war, when the question of West German participation in European rearmament first came up, was this: "What guarantees can you give us that the conflict, if there is a conflict, will take place east of our 1937 frontiers?" In other words, he was saying: "We have just been the focus of a war which, by Hitler's fault, thoroughly devastated our country. We cannot survive a second war, and we are not willing to participate in any effort unless the superiority of the Western world is sufficient to keep West German participation from being an act of national suicide."

It is good to remember that question because when it was asked, the Soviet Union did not possess thermonuclear weapons and there was nothing absurd about the idea of the Western world's massive superiority. Since that superiority no

longer exists today and apparently cannot be easily restored, it is understandable that Schumacher's question should again be asked by broad sectors of West German public opinion. One might be surprised that that rebirth of West German doubts concerning security did not occur sooner: in my opinion, the real situation was disguised for a very long time by the apparent consensus around a policy of detente which was never or very rarely presented as it should have been (and this is as true in France as it is in the FRG)--that is, not as an alternative to the Cold War but as the continuation of the Cold War by other means.

For about 10 years, the German nation as it exists in the FRG could believe the illusion that when all was said and done, its security was guaranteed by detente. I am not certain that other European nations did not succumb to the same illusion at the same time.

Today, at any rate, the awakening is a brutal one, and it turns out to have coincided with the appearance in history of a whole new German generation--one born in the years following World War II.

New German Generation

Someone who lives in Paris and for whom German problems are not a daily concern needs to realize first of all that West German young people--young Germans between 15 and 30 years of age, who are the chief representatives of the changes in mentality to be discussed here--are the grandchildren of Nazis or Nazi opponents and that the past experienced by their parents as children and by their grandparents as adults is history as far as they are concerned.

The other day I read an interview that moved me deeply. In it a young West German woman said: "You know, the experience with injustice and violations of human rights is not something we have known in connection with Auschwitz but in connection with the U.S. war in Vietnam and the misfortunes of the Palestinian people." This does not mean that they do not detest Auschwitz but that, on the contrary, they blame their parents and grandparents for not having done anything to oppose Auschwitz. They say: "Our Auschwitz is El Salvador, our Auschwitz is Vietnam, and our Auschwitz is the Palestinian people." And they blame their grandparents for being anti-Semitic while paradoxically regarding the State of Israel as the heir to the SS and the PLO as in some way being the successor to the victims of the Holocaust.

That may seem absurd, but each of us knows a few people in France who think the same way. In any case, the absurd is not necessarily nonexistent or even unexplainable just because it is absurd.

On another level, those same young people are also the direct and indirect heirs to the ruptures that began to turn Western societies upside down in the 1960's.

For the past 15 or 20 years, that generation has been educated in schools and universities that are "post-Marcusian"--if you will forgive me that neologism. By this I mean that they were educated in schools and universities that had become "antiauthoritarian" and simultaneously "Marxist-Freudian." In the FRG much

more than in France, those theories have conditioned thinking and the school and university systems very considerably even among their opponents. So much so, in fact, that in concrete terms, German schools are now filled with young teachers who were trained in universities and university-affiliated teachers' colleges by professors who themselves were marked by the neo-Marxist rediscoveries of the 1960's.

In addition, that group of West German young people is living out with sincerity the results of what we tried to do by undertaking denazification in 1945. When one speaks before a great many young West Germans today about traditional moral values (the fatherland, for example), one is met by a kind of incomprehension and condemnation, since it was by appealing apparently to those same values that Hitler was able to take power. And after all, what have we tried to do since 1945? We have tried to make the West Germans understand that their history had for a very long time--since the days of Bismarck, at least--consisted of a glorification of nationalism which certainly had its counterpart in other countries but which in Germany--and only in Germany--had resulted in the phenomenon of Hitlerism. As is often true of "history" lessons, that one has been learned only too well. In meetings in the FRG today, I am sometimes attacked by students as being a nationalist or fascist when I try to explain to them how necessary it is to freedoms that there be collective freedom--that of the nation to which the men and women demanding individual freedom belong.

An ideology of rupture with the values on which the history of the Western peoples is built has therefore appeared among those West German young people who are either carried away by extremist simplifications or are, on the contrary, deeply distressed by the impossibility of possessing a system of sure values. Also spreading is a climate of existential anguish which does not really have a counterpart in other countries.

This second factor, related to the preceding one, is the passionate attachment to the idea that our physical world is threatened. That anguish, whose impact on today's West German young people is hard for people outside the country to imagine, may perhaps be connected with the fact that the FRG today is a terribly overpopulated country. There are 62 million men, women, and children living within the confines of a territory which was home to barely over half that number 40 years ago, and perhaps without realizing it, they have a feeling of claustrophobia.

Remember that 14 million people expelled from East Germany and Czechoslovakia had to be integrated into that population and that, at least for a few years, there was a resumption of a certain degree of natural population growth. Imagine a territory scarcely half the size of France that holds a population 10 percent greater than ours. That may be one explanation for the frantic need the West Germans have--to a much greater extent than before--to use a great part of their income (which many envy them) to go anywhere besides the FRG, where they feel cramped.

So it is certain that a concern for the environment and a preoccupation with ecology have taken on an almost religious importance in many circles in the FRG. (This reflects a rediscovery of a certain cult of nature and of local traditions

reminding one of the young people's movements at the end of the 19th century and even of romanticism. It is always easy to find historical roots for an intellectual movement, regardless of its nature. But in this case, those historical references perhaps make a certain amount of sense. For that matter, it was also possible to find in Nazism a recovered aspect of that back-to-nature movement.

We are therefore witnessing a formidable rebirth of those trends in a country whose population is cramped for space--a country that is also extremely industrialized and whose dependence on the outside world has grown under phenomenal conditions.

An FRG cut off from foreign trade would be condemned immediately to famine or capitulation to its political neighbors because it depends very heavily on imports from abroad and on world trade to supply its industry and even to feed its population. That dependence by the FRG on world trade has become absolutely vital or, if you will, mortal. The country would be condemned to a kind of posthumous triumph by the Morgenthau plan on the day that it became cut off from the outside world, and this is an additional factor for fragility and, consequently, fear.

What I think I see spreading in the FRG today, therefore, are essentially reactions of anguish and fear--reactions that can even combine sometimes with phenomena approaching collective hysteria. That explains the extraordinary symbolic importance represented by nuclear matters. Every time we welcome groups of young West Germans in Paris--and that is part of my job--we run into a kind of scandalized amazement. "How is it possible for French public opinion to accept so easily a policy that is covering your country with nuclear power plants?" "How is it that there are not 50,000 armed young people every time to occupy the site and fight thousands of police, as happened recently with us in Brokdorf?"*

What happened in Plogoff or elsewhere strikes them as completely outlandish in comparison with what they feel capable of doing and what they hope to do. They feel that the government can indeed resist one "Brokdorf" but not two, because containing the crowds in Brokdorf required bringing in police from every state in the FRG. They feel that if they can organize two or more "Brokdorfs" at the same time, it will be absolutely impossible to hold them back. That kind of reasoning is no doubt false, but it shows the state of mind that prevails in many young West Germans--and many who are not so young--today.

An almost apocalyptic vision of a threatening and overwhelming world therefore hangs over the West German people, who are, in a way, situated on the frontier of all this world's threats. Situated on the Soviet empire's frontier, the FRG is also the country in the Western world with the heaviest concentration of industry and population and the one where the establishment of a system of nuclear power plants threatens to jeopardize the safety of the greatest number of people.

* In northern Germany, not far from Hamburg.

That antinuclear reaction has gone so far that it is beginning to jeopardize the deployment of U.S. nuclear weapons, which the FRG has blithely put up with for decades--and which, in fact, it was happy to see at the beginning. Those installations are now the target of violent attacks not only by a few fringe elements but also by the man who plays an incomparable role in the West German press: the founder and owner of DER SPIEGEL, who has always firmly supported the Social Democratic government's stands. STERN, a magazine run, of course, by very bourgeois journalists, publicly denounced any deployment of U.S. nuclear weapons in the FRG several months ago and published a detailed map of their locations.

Coalition Threatened

Since the coalition came into existence, it has had difficulties with the Young Socialists. But those famous "Jusos" [Young Socialists], who were so much in the limelight in the 1970's, were numerically unimportant and seemed so far removed from the party's general position that those who wanted to bring them back into line easily yielded to Chancellor Brandt, who said: "It would be very harmful for our country not to have restless 20-year-olds. When they get to be 30, they will have calmed down. If they were already calm at the age of 20, our country would lose all its dynamism."

That analysis has not at all been borne out by the facts. Many of the Juso leaders have calmed down, but a great number of their ideas have followed them into the positions they now occupy on "the long march through the institutions," as they themselves once described their strategy. Today it can be considered that a good third of the Social Democratic parliamentary group, while not supporting revolutionary ideas, is profoundly influenced by a certain number of key ideas that originated in that militant leftwing, notably in the areas of defense and foreign policy. A few months ago, shortly after Reagan was elected, 25 Social Democratic deputies proposed that as a symbolic gesture, the defense budget be reduced by 1 billion deutschmarks and the money allocated to helping developing peoples. They knew very well that they did not have a majority behind them, but the incident aroused so little hostility that 2 or 3 days later, one of the 25 signers of the proposal was named secretary of state for parliamentary affairs in one of the ministries during a minor cabinet reshuffle.

Similar individuals are found on the liberal side, and they can be found even within the government, where it is very obvious which ministers have already put distance between themselves and the United States and the alliance, being moved to do so by a desire for a less threatening world, a "saner" world, and a world offering more shelter: a world where it would be possible, in a sense, to take leave of history.

It is significant that at the Social Democratic Party's congress in Stuttgart in 1981, several ministers from the federal government who supported--more or less unenthusiastically--the official position on the problem of the Pershing missiles were not reelected to the SPD's regional leadership. On the contrary, a former minister who had left the government long before and gradually become the spokesman for that entire new leftwing of the SPD scored a big success. This man--Erland Eppler, who is considered a potential leader by the entire

leftwing of the SPD--said: "It is clear that we cannot remain forever in the position of 'white niggers.' For my part, I am determined to work to see that the policy we have accepted--the policy of participation in the efforts for an additional arms buildup--is reversed."

Erland Eppler is far from being isolated. In a resounding article, the owner of DER SPIEGEL, Rudolf Angstein, redefined what he felt the FRG's position within the alliance ought to be. He went so far as to say: "Our role must be essentially that of delaying the Western arms buildup and of preventing the West from coming to think in terms of superiority. What must be prevented at all costs is the triumph of strategic thinking that abandons the idea of equilibrium." And Rudolf Angstein is certainly not an extremist--far from it.

The reasons mentioned are in fact far from negligible. It is obvious that the FRG is a country subjected to continual aggression by the Soviet world and, particularly, the GDR. The latter provides a perfectly adapted instrument for aggression which can assume every form of military and political espionage and which ranges from infiltration by agents who remain "submerged" for 10, 15, or 20 years before being really used to daily political action among individuals capable of destabilizing the order established in the FRG by the CDU or the SPD since 1945.

The Communist Party in the FRG--which is illegal but whose reestablishment was tolerated by the Grand Coalition government--is still very weak as far as number of voters is concerned. But it has over 50,000 official members, all of whom are active militants and a great many of whom were trained in the party schools in the GDR. It also enjoys practically unlimited funding because in fact, a large share of the neighboring country's resources are at its disposal. Over the past few years, it has finally succeeded in emerging from the isolation in which it was held for a very long time by the Social Democratic leadership.

When Willy Brandt was chancellor, he constantly forbade any joint written, oral, or street action with Communists. Today, Social Democratic deputies make no bones about participating in demonstrations against the Atlantic Alliance. An example is the one held in Bonn in 1981 during a meeting by one of the alliance's organizations. Seen taking part in it were Social Democratic deputies, Socialist students, liberal students, all kinds of organizations that the Italians call "fiancatrici" (those who follow the main body of the communist army), and organizations known to be openly communist and openly denounced as such. No Social Democratic deputy was reprimanded for his participation.

One has the impression that in the face of that breakdown in the political class supporting the government coalition, resistance is growing weak and the chancellor, who is disgusted by all of it, is finally resigning himself to the inevitable and is finding it increasingly difficult to defend positions which are being increasingly challenged.

Of course, the CDU opposition also expresses its formal disagreement with the way things are developing and condemns it, but it is not considered strong enough to really mobilize. Disregarding certain quaint aspects of his personality, it is certain that Franz-Josef Strauss is the one who has issued the most

structured and militant condemnation of the course of events that is undermining the foundations of the FRG's anchorage in the West. But during the election campaign, a great many of the CDU's leaders and groups were careful to keep their distance from their own candidate for chancellor, and they frequently made known how unhelpful it would be for them if Strauss were to appear in their districts, since a visit by him could only cost them votes. That reflects a particularly disturbing kind of contagion produced by the phenomenon of destabilization.

It is true that all of this represents developments which were totally on the fringe in the beginning and which even today reflect a minority viewpoint. But those developments are spreading increasingly on the official level: in a sense, they control the terrain on which debates and controversies now take place. Those who are not militant supporters of protest and of demands for change are in a sense being forced to defend themselves, even though they are the majority. They wind up announcing in advance that they will accept combat on the adversary's home ground! If anyone were to stand up and say: "I am a faithful ally of the United States, and the domination of South American countries by bloodthirsty tyrants is not the same thing as a totalitarian communist regime in Europe," he would be in danger not only of not being understood but of appearing uncouth.

And we should also mention the rapid growth in the number of people refusing to serve in the military. The coalition had passed a law allowing each citizen to choose between military service and alternative service. The Supreme Court found that that was going too far. But within the possibilities offered by the current law--which is much more liberal than the French law--the growing number of young people rejecting military service (who are often much more motivated than those who accept it) is beginning to worry some of my military friends, all the more since those who refuse are primarily young people belonging to the supposed "ruling" classes.

Necessary Western Solidarity

All of this may appear extremely pessimistic, and I regret that, because I do not at all feel that the FRG is already a link in the alliance [as published; possibly weak link intended]. But I also believe that it is completely useless to conceal the facts from ourselves: something extremely serious is going on in the FRG. I feel that the premises for a similar development exist in almost all the countries of West Europe. The situation in the FRG seems all the more serious, however, because it is a divided country. This is true any time a sizable minority of a country's young people feel that:

1. Any armed conflict would mean the annihilation of their people, and no people can possibly desire its own annihilation.

2. As values, nation and fatherland do not exist, and neither do most of the other traditional moral values.

3. Present-day society is not worth defending because there is nothing in it worth the trouble.

It is also true as soon as a large percentage of those young people are gripped by a sort of general anguish at the thought of the existence being offered to them. It is obvious that the reasons why the German people refused repeated Soviet offers between 1945 and 1969--offers which could apparently have meant the acceptance of a rule of democratic life for the inhabitants of the GDR or the acceptance of a reunified Germany in a neutralized framework--are less and less acceptable to young people today. What people could lightheartedly resign itself to the kind of separation imposed by force that has been suffered by the two German states?

It is remarkable, by the way, that the division of Germany has produced so little nationalism in Germany, or rather, that "rightwing" nationalism is still a very limited danger in the FRG. What is emerging, on the contrary--and we have known certain aspects of it in French history as well--is a temptation toward leftwing nationalism. In that situation, it is the Americans who are the spoilsports because they are destroying the false security in which the FRG remained and felt protected during the period of detente. The Soviet Union, on the contrary, is always credited with the will to create a better world, while the United States is irrationally viewed as the devil. The concept of devil has come to have only one meaning.

And that, at the same time, makes it possible to reopen the question not of German unity (because in my opinion, the Soviets cannot really make the slightest serious overture in that area), but of rapprochement between Germans. This idea of bringing together a people divided into two countries has as its corollary the obligation to do nothing that might destroy the investment already made in the policy of detente. Every time the Western world resists the Soviet Union, it disturbs, in a way, the results already achieved along that path: the 6 million Germans in the West who are allowed to visit their cousins, brothers, and parents in East Germany every year, the hundreds of political prisoners who are ransomed every year and wind up being a safety valve for the communist system in the GDR, and everything that may appear to be a positive result of the policy of detente that has been pursued over the past 10 years. And those results are not negligible.

The whole problem, obviously, is that of knowing whether for an entire people, those aspects of the problem of its existence should be considered the most important. More and more young West Germans think that they are the most important thing, both for the reasons I have explained and because, basically, they reject the idea of being drawn into a conflict. They believe they can reject the famous alternative "better Red than dead" ("besser rot als tot") because there must be a way to avoid dying completely and to avoid becoming totally Red. The capacity for political illusion among peoples and their leaders is tremendous.

Those of us who were already adults at the time of Munich or in 1940 remember the massive support that existed for Daladier's policies and the massive support for Petain. Let us not be surprised if similar phenomena occur tomorrow in other places, and especially in the FRG.

But it must be said that the FRG's Western allies bear a large share of the responsibility for these developments. The West Germans were not the first to believe in the illusions of detente. Being situated, as they are, in the most exposed position, it is not surprising that they should be more sensitive than others to every upheaval in the international system. It is certain that the current situation frightens the majority of the FRG's inhabitants and that everything done to help them find a way out of the problems now threatening them will be of capital importance for the future.

In other words, just as I sincerely believe that if the FRG embarks on a policy of self-neutralization, we will not be able to keep France in the alliance for long, I feel that if France, in company with the other European countries, is more vigorous in asserting its will to defend itself and resist, we will make the job easier for the majority among the West Germans who refuse to let themselves be led into giving up.

11796

CSO: 3619/77

PAPER EXPRESSES CONCERN OVER CENTER-CONSERVATIVE RIFT

Helsinki HUFVUDSTADSBLADET in Swedish 15 Jun 83 p 2

[Editorial by Bjorn Mansson: "Five Theses Against the Conservatives"]

[Text] Bjorn Mansson writes that if group chairman Matti Ruokola's five-point statement rejecting cooperation with the Conservative Party is to be taken as a signal from the Center Party concerning its plans over the longer term, it ought to be regarded as very serious. The fact that the Center Party is burning all its bridges to the Right reinforces the impression that there is a lack of alternatives in our political life.

The sharp verbal duel carried on in public during the past few days between Matti Ruokola, chairman of the Center Party's parliamentary group, and Ilkka Suominen, chairman of the Conservative Party, is not exactly calculated to improve the conditions for future cooperation between the two leading nonsocialist parties. Ruokola described the Conservative Party's invitations to cooperate as "amusing," and Suominen fired back by accusing Ruokola of having a fit of rage "with all his abusive remarks and lack of objectivity."

What started that unhelpful exchange of remarks were the feelers recently sent out in the Center Party's direction at the Conservative Party Congress, where the desire was expressed for cooperation aimed at forming a nonsocialist basis for government. It was expected that Center Party leader Paavo Vayrynen would take "statesmanlike action" to prepare the ground for such a basis.

Naturally, one should not have any illusion that the Conservative Party was acting on purely idealistic impulses. After its humiliation in the parliamentary elections and the government negotiations, the party had to find some way to hold its own in the political game--and what could be better than seeking nonsocialist cooperation? Even--and especially--if it does not achieve that goal, it can always grab a few points away from the middle parties by criticizing the Center-Left axis of cooperation. On the Center Party's rightwing fringe and among former liberal voters, there are surely a few people who are susceptible to siren calls from the Right.

But the Conservative Party was certainly talking seriously when it signaled its distance from the Social Democratic Party and said it was seeking nonsocialist

cooperation in order to counteract "Social Democratic hegemony." A similar line of reasoning could also be heard at the Swedish People's Party rally.

Since the Center Party--at least when compared to the Conservative Party--possesses the keys to better cooperation among the nonsocialist parties, it is worthwhile for us to consider more closely and reflect on the five "political realities" or "theses" chosen by Matti Ruokola as the basis for rejecting those invitations from the Conservatives. Behind its caustic and sarcastic facade, his statement contains several interesting points that deserve attention.

It came as no surprise that group chairman Ruokola was the one who gave the Conservative Party its answer. As is known, he does not belong to the Center Party's "farmer wing," and unlike the latter, he has no reason to refrain from putting the Conservative Party in its place for fear of voter reaction. Ruokola is a faithful supporter of the Kekkonen line and enjoys party chairman Vayrynen's special confidence. So there is no reason to doubt that the party leadership stands behind his action.

Ruokola's first thesis is perhaps the most interesting, since it brings the president of the republic into the partisan political argument. Ruokola emphasizes that the new president grew up in the worker movement and that the Social Democrats feel alien to the Conservative Party's rightwing orientation. Ruokola's conclusion is that as a result, it is not possible to build up trusting cooperation quickly.

The actual reference to the president's political background is worded in a relatively tactful way, but in plain language, what Ruokola is obviously saying is that it will not be easy during Mauno Koivisto's term as president to build up cooperation that includes the Conservatives. That is a quite daring--not to say undisciplined--interpretation, especially since the president himself has let it be known in various contexts--and has already given proofs--that he wants to respect the free interplay of the forces in Parliament.

Ruokola's statement on that point is no less interesting when set in contrast to earlier statements by the Center Party to the effect that once elected, the president is a "president of all the people" who stands above and outside the political parties. Maybe those earlier statements were tinged to some extent with a "sour grapes" mentality. Now that it suits the Center Party's plans and is necessary to the party's argument against the Conservatives, there is no hesitation about referring to the president and the strength of his political background in completely different terms.

Matti Ruokola's second thesis stresses the importance of cooperation between the Center Party and the Left and advises the Conservative Party to support the government's policy if it wants to. It seems somewhat rash of Ruokola to say that the government is not dependent on the Conservative Party. Naturally, it may take a long time before it happens, but in view of our rules regarding a two-thirds majority in Parliament in certain cases and the right to leave a bill pending until after the next election, repudiation of cooperation with the Conservative Party means that instead, the government could conceivably become wholly dependent on the People's Democrats. The current government coalition

would probably be wise to keep the doors open to cooperation and agreement with both the Right and the Left.

The third thesis states that the Finnish Rural Party [SMP] is a reality that the Conservative Party ought to have the "political maturity" to take into account. Ruokola is certainly correct when he points out that the SMP represents areas of public opinion that the other parties have not been able to channel up to the government level. But it is nonetheless difficult to avoid the impression that behind those words lies a desperate and probably genuinely felt need in the Center Party to "explain itself" concerning the SMP's cooperation in the government ahead of the Conservative Party.

Ruokola's fourth thesis concerns the Conservative Party's role in efforts to counteract Social Democratic hegemony. He is quite right when he claims that the Conservative Party is concealing its own aspirations for power by scaring the Center Party with the Social Democrats. But when he then accuses the Conservatives of wanting to act as judge over the other parties, Ruokola is risking the charge of casting stones when he lives in a glass house himself, especially when one considers the Center Party's behavior in previous years. Or the flat refusal by the Social Democrats--its partner in cooperation--to cooperate with the Conservative Party today.

The fifth and last thesis notes that society as a whole, and especially the Conservative Party, has moved to the right. That general swing to the right presupposes that the Center Party will stress its distance from the Right, says Ruokola. This is obviously directed at the political Left, which is to be convinced that the Center Party is truly keeping the barricades in place against the Right.

With his five theses, Matti Ruokola has fired a broadside at the Conservative Party. It may have been dictated more by tactical considerations than by anything else. But if his statement is to be taken as a signal from the Center Party concerning its plans over the longer term, it must be regarded as very serious. It expresses the Center Party's view of the pattern of political cooperation as adapted to the conditions of the so-called third republic. The fact that the Center Party is burning all its bridges to the Right easily reinforces the impression that there is a lack of alternatives for the formation of governments and in our political life in general.

11798

CSO: 3630/223

PAPER COMMENTS ON PERFORMANCE OF GREENS IN LAST PARLIAMENT

Helsinki HELSINGIN SANOMAT in Finnish 27 Jun 83 p 2

[Editorial: "Illusions of Happiness"]

[Text] The strange green men or the nonaligned MP's experienced how individuals adapt to working with the various factions during this short session of parliament. A red thread is yet to be found in the actions of the Greens, but frequently even the representatives of older ideologies are not able to apply theory to practice.

In spite of the fumbling, the approval of the Greens may grow. Something different and the possibility of an alternative will be sufficient as an initial incentive, but over a period of time it is assumed that there will be feasible alternatives.

Indeed, a few alternatives were heard in the chambers of parliament. MP Konkola proposed a law to protect children in discussing the abandonment of institutional care for children. In his opinion disturbed children could be better cared for in foster families and in a family-type of housing community.

It is doubtful that a housing community would differ essentially from a good institution: both are subject to regulations. Practical experience has demonstrated that very few foster families can tolerate a difficult child in their midst for a long period of time.

Also the alternative proposed for the country's economy was a confusing mixture of realism and an ardent longing for the past. It is true that new jobs could be created if machinery was replaced by human labor and there would be sufficient work in the social area for endeavors other than just assisting the disabled.

It is also true that the unemployment problem in Finland is not yet the result of a lack of work, but the result of its uneven distribution. Konkola's proposed shortening of the work week could be a probable solution, but hardly possible without a reduced income for many.

However, a shortening of the work week will not be accomplished, as the green line would have it, in such a way that each individual would select his own

work hours at a job site. Too many continue to be sufficiently poor to appreciate free time more than a higher income.

Also the positive attitude of the Greens toward development aid seems to be contradictory since they are also striving toward self-sufficiency, the production of goods near the area of consumption, and the use of local raw materials. In spite of the hopes of the Greens, it is doubtful that Finland will become an island of good fortune independent of others, in which people will live in idyllic peace as crises loom over the rest of the world.

10576

CSO: 3617/150

PAPANDREOU ACCUSED OF AMBIVALENCE FOR DOMESTIC, FOREIGN CONSUMPTION

Athens | KATHIMERINI in Greek 10-11 Jul 83 pp 1, 3

/Text/ The role of Greece in the EEC presidency is in danger of becoming that of a "caretaker" limited to processing daily, routine matters. This is the view of political observers who see the differentiation--and the peculiarities--of the Greek government from the other nine members on matters of the Community's foreign policies. This will mean a last opportunity to internationally strengthen the Greek role. This is an opportunity that can be utilized with a creative handling of the EEC issues during the Greek presidency.

It is noted that the basic problems of the European Community (budget, Mediterranean plans, increase of EEC resources, new policies, etc.) are more than ever before ripe for solution. The country's international prestige will be considerably strengthened if the Greek presidency handles them soundly and effectively.

At this point, the partners express reservations mainly because of the different positions the Greek government takes, raising questions at the same time on the EEC role and calling EEC a community of monopolies. These attacks raise questions as to whether the other nine governments will move forward or accept Greek proposals and suggestions.

In his first trip abroad to Spain as president of the EEC, Andreas G. Papandreou displayed his anti-Americanism, flattered the Soviet Union, and tried to present EEC as almost ready to "confront" the US for the sake of Nicaragua. Of course, the political observers noted with particular interest that the Greek public opinion was the recipient of these extremist positions of the Greek premier and this softens somewhat the sting of his statements, since the foreigners show some tolerance, realizing PASOK's pressing need to display its orthodoxy in Greece.

But even in such a case, the double talk of the government is an element which shakes the confidence of our friends and weakens the role of our country, both within the Community and in the Mediterranean region in spite of the fact that in this region four countries now have socialist governments and that tomorrow there may be five if Bettino Craxi becomes the next premier in Italy.

Spanish and Greek

With regard to this double talk (we say one thing to the Greeks and another to the civilized Europeans), it is characteristic that on Wednesday night Andreas G. Papandreou, speaking at a dinner given in his honor by the Spanish premier, presented the correct view that promoting detente in the European area, limiting the arms race, and restoring a spirit of peace and cooperation will contribute both to the independence of Western Europe from the United States and of Eastern Europe from the Soviet Union. This for the Spaniards!

But the next day, in his briefing of the Greek journalists who accompanied him, he hastened to interpret his speech by saying that in the European area the Soviet Union sincerely wants peace (in contrast, of course, to the "evil" Americans) and that we must understand...the sensitivity of the Russian officers when they see missiles being installed on German soil, directed against their country!

For What Reason?

These statements, which were made in order to please the leftist voters who rapidly leave the ranks of PASOK, caused virtual consternation for the manner in which our foreign policy is carried out. Moreover, Papandreou's listeners were shocked when they heard him say that very likely the Americans will intervene unilaterally in the Nicaraguan-Honduras conflict, and to threaten that Greece will react against this and will mobilize the EEC in his capacity as its president.

Many wondered why Papandreou risks predictions that are likely to prove wrong. And what is the meaning of such extreme positions from the spokesman of a small country which has open questions in its relations with the United States; moreover, if he tries to implement his anti-Americanism, he will remain uncovered at least by the EEC governments while even Mitterand does not hide his displeasure. Does not this policy undermine the role of the Greek presidency of the EEC?

7520

CSO: 357173/3

FINNISH PAPER COMMENTS ON DEBATE ON SWEDISH NEUTRALITY

Helsinki HUFVUDSTAD BALDET in Swedish 2 Jul 83 p 2

[Editorial by Per-Erik Lonnfors: "Swedish Neutrality Criticized"]

[Text] Sweden's foreign policy has been the subject of the strongest debate in a long time. It has now reached beyond the country's boundaries. But so far it has not shaken the faith in the independent policy of neutrality that Prime Minister Olof Palme has upheld, for example, in a visit to Helsingfors recently.

According to Prime Minister Olof Palme, Vice President of the United States George Bush said during their recent conference that he "warmly supported" Sweden's policy of neutrality. A significantly weaker confidence has been expressed by the Danish professor Erling Bjol at the university in Aarhus.

In a paper published by the Strategic Institute IISS in London on "Nordic Security," Bjol has expressed doubt that Sweden can maintain its present policy of neutrality, mainly because its defense budget has decreased.

The article can scarcely be passed by without closer study and analysis, because Bjol is an internationally known defense expert and, among other things, the Chairman of the Board of the Danish Foreign Policy Institute. The statement that Sweden's reduced defense capability can put the country in a "Finlandlike position," as Bjol said to DAGENS NYHETER, is on the contrary so faulty that it should be exposed to a direct critique.

This evaluation has also come from one of Bjol's colleagues in another Nordic NATO country, namely Norway. The Director of the Norwegian Foreign Policy Institute, Johan Jørgen Holst, rejects both Bjol's argument of a reduced Swedish defense capability and his use of the expression, "Finlandization."

To take the latter first, Holst considers it to be "a positive and not a negative concept." He thinks that Finland has achieved an independence and freedom of action "that the Eastern European countries lack."

If Finland's foreign policy is to be compared at all with Sweden or with Eastern Europe's -- each country has of course its own point of departure -- one would expect in recent times that under responsible conditions and in serious academic discussions the comparison would be made without the use of the concept, "Finlandization." The word has also been discarded from the vocabularies of governments and from those of their official spokesmen.

It is quite easy to argue against the use of the concept, as Klaus Tornudd did skillfully in his book, "Words and Action."

The weakness of the word lies primarily in its unspoken, built-in premises, from which the reader can choose according to his own prejudices. But precisely this lack of exactness makes it so very tempting that one must be prepared for it to pop up even among people who should know better.

This danger is very great just now in Sweden where the government has been under attack in a lively foreign policy debate in which accusations in the style of Erling Bjols have also been made (thus making his statement valuable precisely for the critics). Such a discussion is of the greatest interest for Finland, whether it exposes the changes in Swedish foreign policy or only disagreements on its goals or expedients. The points at issue are more important here than whether Finland is used "according to famous patterns" as a frightening example; the latter does more to reveal the debater rather than the Swedish foreign policy he is criticizing.

The impression one has received of this matter in recent times is more of a concentration and emphasis on the traditional policy, "Freedom from Alliance in Peace, and Neutrality in War," than on deviations from it. This is only natural in a generally unstable situation that includes pressure from various directions against Sweden.

One steadfastness also characterized Prime Minister Olof Palme's "policy speech" on Swedish neutrality for the Passikivi community in Helsingfors recently. The fact that Palme stressed there for the press the similarities in Sweden's and Finland's view of the situation in the North and the Baltic Sea cannot be accorded any deeper significance than what the words say. The starting point for the foreign policy of the two countries has not changed -- it is only when this is pointed out that the discussion really becomes interesting.

Sweden's foreign policy will therefore have to be exposed to stronger attacks than Erling Bjol's before belief will start in deviations from the policy of neutrality and independence that Olof Palme has upheld so strongly. The claims that the policy of force has been weakened must also be better documented before they become credible; they were of course directly contradicted by the Swedish expert, Johan Holst.

Minor corrections and technological changes play a less important role than the general situation in the long run. Finland's position on radical changes in these matters was made clear, for example, in the considerations of the

Swedish Defense Committee in 1976: "Sweden's strong and many-sided defense force supports its policy of neutrality, which has considerable significance for the continuing stability of the whole North. During a possible armed conflict, the neutral Swedish defense capability is in a position to reduce the military threat directed against Finnish territory."

These words are still valid today.

9124

CSO: 3650/242

BREAKDOWN OF 1983 DEFENSE BUDGET GIVEN

Brussels VOX in French 16 Jun 83 pp 5-7

[Article by Polus V.]

[Text] The budget requested for 1983 comes to 93,768,400,000 francs, representing an increase of 6.28 percent over the 1982 budget. In comparison to the government estimate of an 8.5 percent increase in the consumer price index, the 1983 national defense budget shows a decline in fact of 2.05 percent.

The development of this budget has also clearly fallen below that of the Belgian state budget, as one can see on Graph 1. In fact, between 1974 and 1983, the state budget increased to 2.95 times the initial figure, while in the course of the same period of time, the national defense budget increased to only 2.33 times the initial figure.

Now let us examine the distribution of the total budget in terms of purpose of the allocation (see Graph 2).

The allocation for personnel expenditures is 46,425,900,000, or 49.5 percent of the budget.

The allocation for operational expenditures is 25,050,300,000, or 26.7 percent of the total expenditures.

The allocation for reequipment and infrastructure expenditures, that is to say investment expenditures, is 22,292,200,000 francs, or 23.8 percent of the total budget.

Graph 3 shows the distribution of the total budget to the various forces and services. For central and miscellaneous services, we recalculated the various percentages within each of the categories, in order to show the various allocations more clearly.

Graph 4 gives the various personnel expenditures in detail. It should be noted that currently, national defense employs 97,500 persons.

Where operational expenditures are concerned, the total is 25,050,300,000 (see Graph 5). Let us examine the operational distribution of these operational allocations.

The "administrative and domestic" category includes the consumption of domestic energy, in the amount of 2,763,100,000 francs, as well as various consumption expenditures such as telephone, correspondence, water and various billeting costs, in a total amount of 1,650,400,000.

The other administrative costs include basically data processing, as well as the leasing and maintenance of military buildings.

Another category pertains to the "transportation plan." It has to do with the use of the military automotive fleet, but also the leasing of public transportation facilities in Belgium and the FRG.

With regard to the "unit operation" category, that is to say the maintenance of combat units in operational condition, the expenditures total 7,483,500,000 francs.

For the army, the allocation allows, on an average, 23 days of standard training.

For the air force, the allocation allows 105 flight hours for each pilot, and also the implementation of the firing schedule involved in training.

For the navy, the allocation allows 70 days of navigation for a third of the fleet, while for the medical service, the allocation requested should make possible the provision of normal care.

It should be noted that these norms are clearly lower than the NATO norms and those previously recommended by the joint commission.*

The purchases made within the "reequipment" category are most often routine. In volume, they are relatively unimportant, but they are closely linked with the general operation of the armed forces and services.

The last category, that is to say "miscellaneous," includes basically:

--expenditures involved in the contribution to the financing of the interallied staffs and bodies (in the amount of 868,200,000);

--the granting of subsidies to parastate bodies and nonprofit associations (in the amount of 300 million); and

* These data should, however, be made explicit, to avoid misunderstandings which might lead to overdramatization of the situation. First of all, it is a question of averages. The real norms are, naturally, distributed on the basis of this average. Then, the content of the training schedules should be reviewed. The minister of national defense has urged imagination in a search for means and methods which will make it possible to reduce the use of equipment as much as possible within the framework of the various training plans for each of the forces.

--compensation to the Belgian National Railroads (in the amount of 113,800,000).

Now let us examine the allocations for reequipment and infrastructure (see Graph 6).

The following is the distribution for 1983:

--a total amount of 6,303,000,000 for the army;

--a total amount of 9,641,000,000 for the air force;

--an amount of 2,310,000,000 francs for the navy;

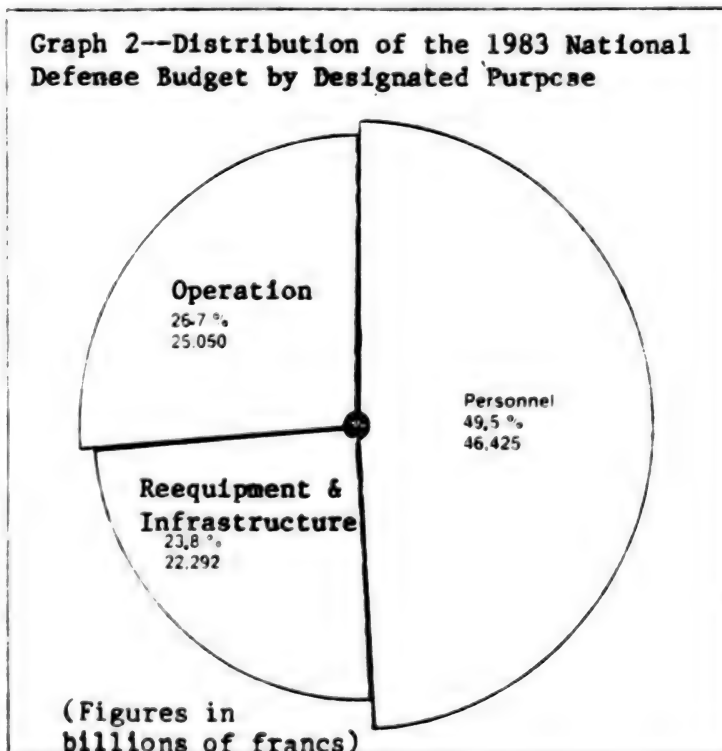
--a total amount of 203 million francs for the medical corps; and

--an amount of 1,830,000 francs for interforce services, including general staff communications (130 million francs) and the Belgian contribution to the AWACS aircraft program (756 million francs).

Along with the main programs, the current supplementary programs pertaining to the purchase of equipment must be added. They are, for the most part, related to the major weaponry systems, and are as a result relatively less substantial.

The table adjacent to Graph 6 shows us the total distribution among the various forces in billions of francs.

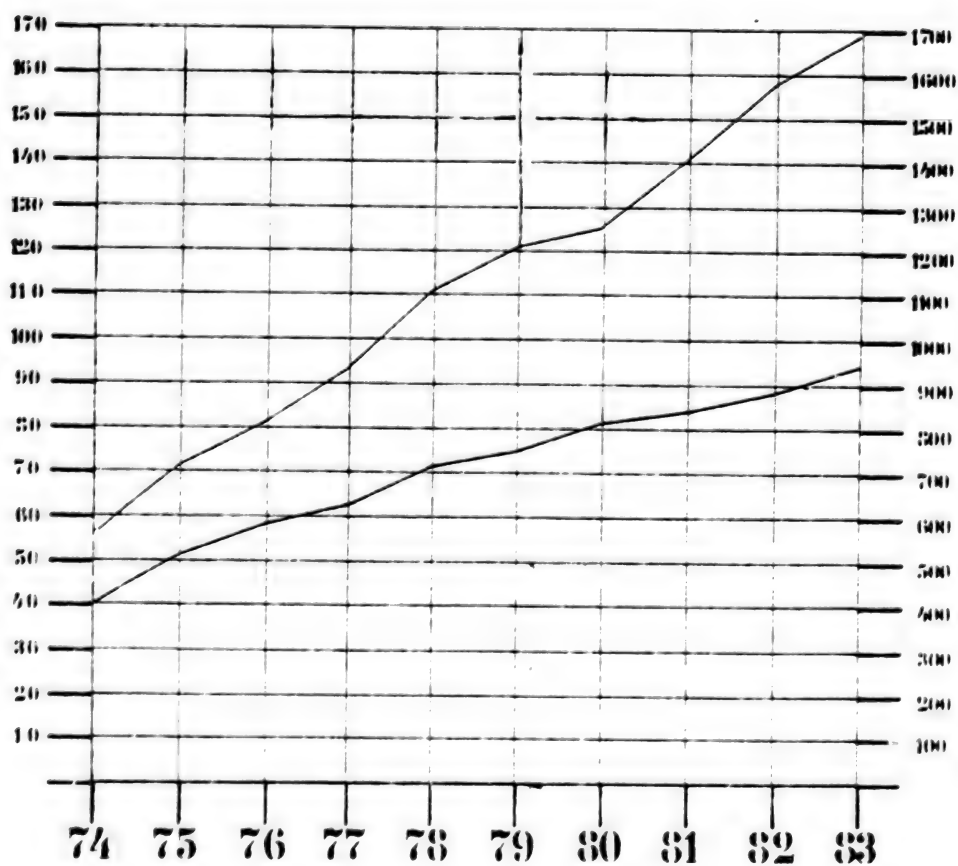
It should also be noted that an annual increase of 6.3 percent (in relation to the 1982 budget) in this sector will permit replacement only of the vital and strictly indispensable equipment, for the very good reason that the coefficient of inflation is particularly high in this sector.



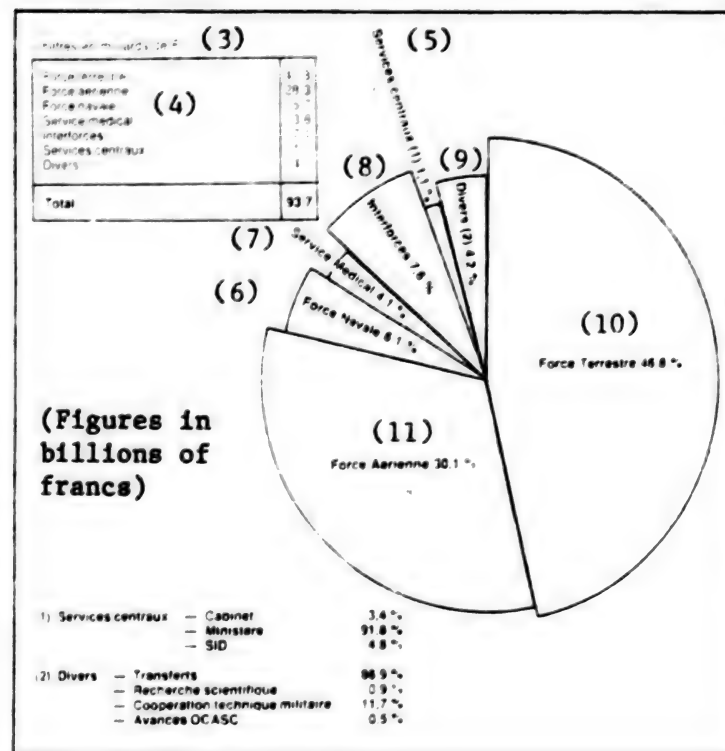
Graph 1--Comparative Development of the
National Defense and State Budgets
(in billions)

National
Defense
Budget

State
Budget

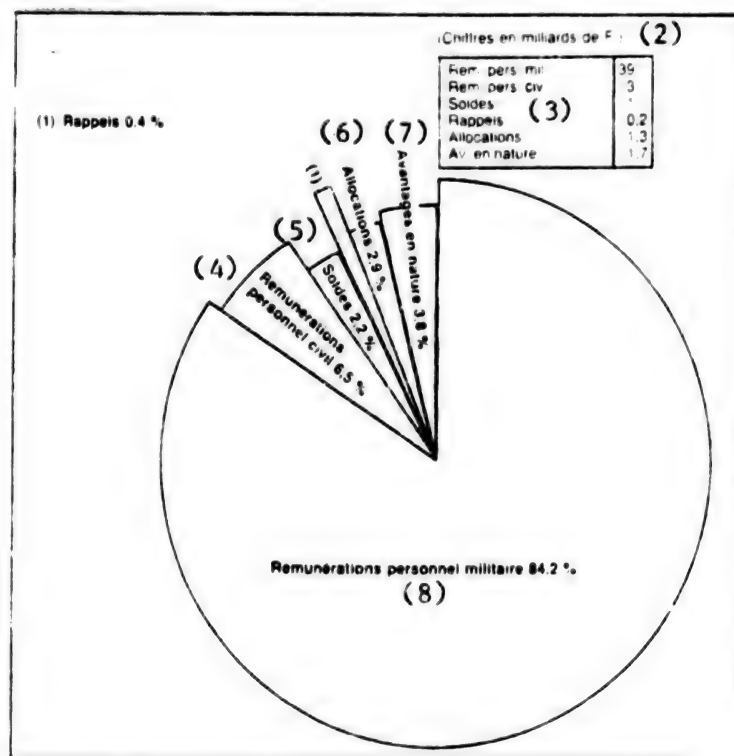


Graph 3--Distribution of the 1983 Budget to the Various Forces



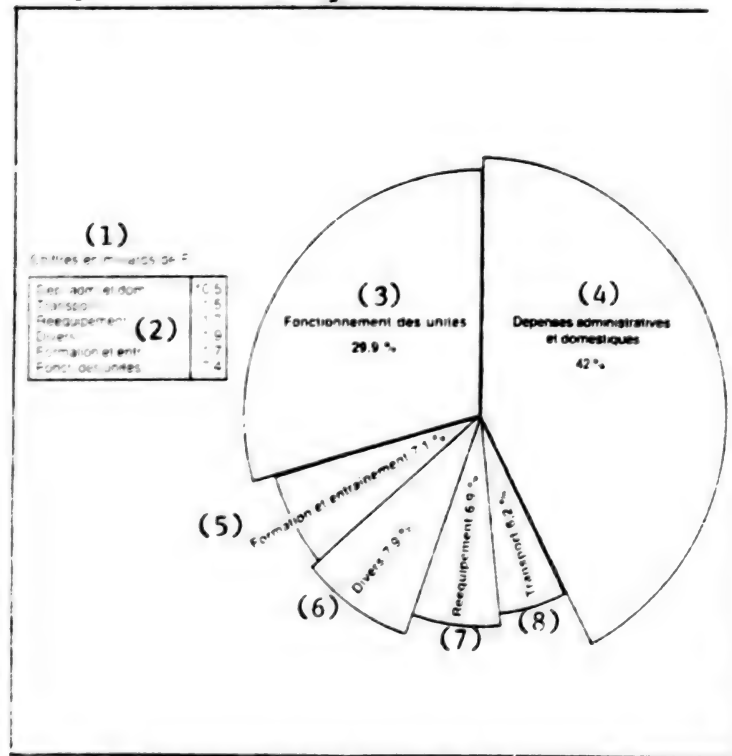
- Key:**
1. Cabinet; ministry; SID.
 2. Miscellaneous: transfers; scientific research; military technical cooperation; OCASC advances.
 3. Figures in billions of francs.
 4. Army; air force; navy; medical corps; interforces; central services; miscellaneous.
 5. Central services.
 6. Navy.
 7. Medical corps.
 8. Interforces.
 9. Miscellaneous.
 10. Army.
 11. Air force.

Graph 4--Detailed Distribution of Personnel



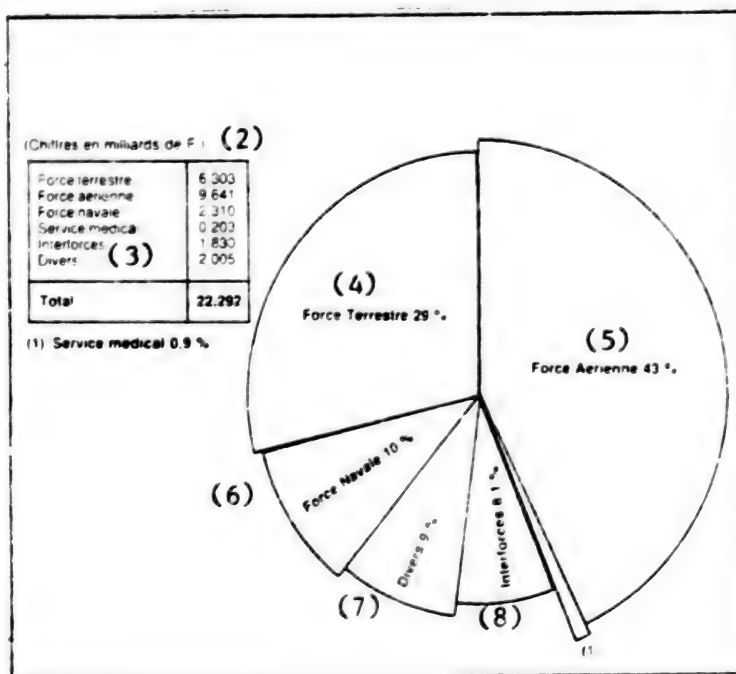
- Key:
1. Recalls.
 2. Figures in billions of francs.
 3. Payments to military personnel; payments to civilian personnel; wages; recalls; allocations; benefits in kind.
 4. Compensation to civilian personnel.
 5. Wages.
 6. Allocations.
 7. Benefits in kind.
 8. Compensation to military personnel.

Graph 5--Detailed Operational Distribution



- Key:
1. Figures in billions of francs.
 2. Administrative and domestic expenditures; transportation; reequipment; miscellaneous; drilling and training; unit operation.
 3. Unit operation.
 4. Administrative and domestic expenditures.
 5. Drilling and training.
 6. Miscellaneous.
 7. Reequipment.
 8. Transportation.

Graph 6--Detailed Distribution of Reequipment and Infrastructure Funds



- Key:**
1. Medical corps.
 2. Figures in billions of francs.
 3. Army; air force; navy; medical corps; interforces; miscellaneous.
 4. Army.
 5. Air force.
 6. Navy.
 7. Miscellaneous.
 8. Interforces.

5157

CS0: 3619/82

DANISH INSPECTION SHIP SEARCHES FOR SUB NEAR U.S. BASE

Sighted by Seal Hunters

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jul 83 p 3

[Article by Michael Rastrup Smith: "Greenland Bailiff Close to Submarine"]

[Text] Municipal Bailiff Bertel Sandgreen is the local police authority in the municipality of Akunaaq in Disko Bay. He is a Greenlander, and precisely for this reason the Greenland Command puts special faith in his observation of a foreign submarine. Because the Greenlanders are very experienced hunters they would never mistake a whale for a submarine, they say in the command.

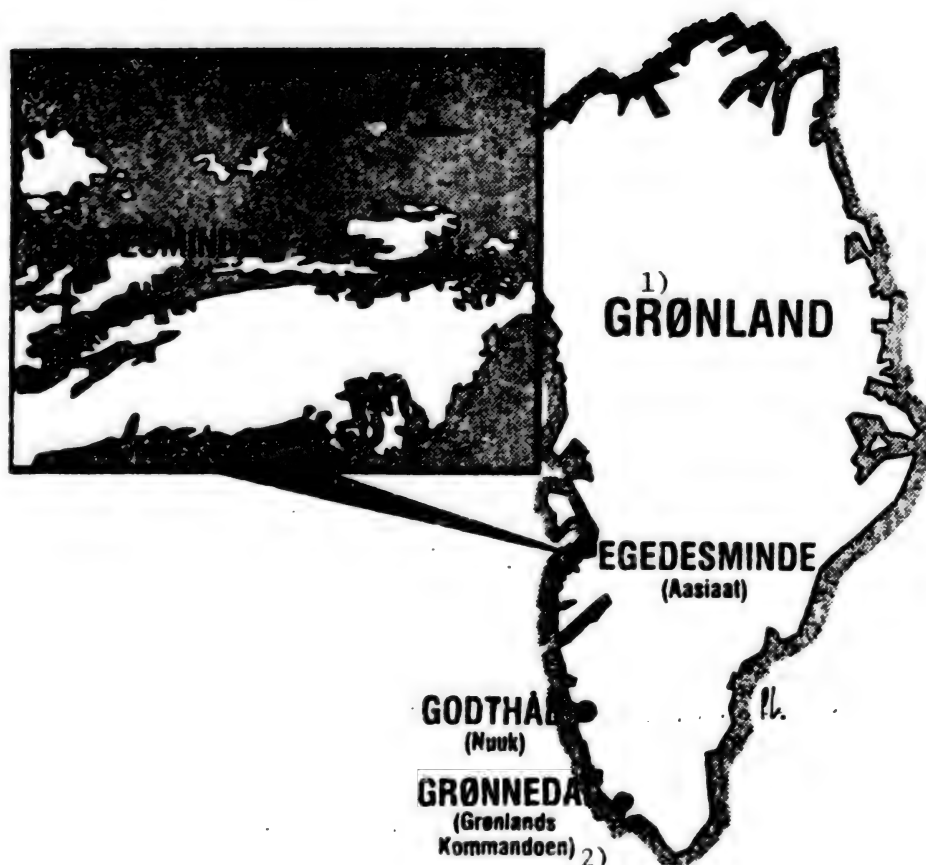
Bertel Sandgreen was close to the foreign submarine last Wednesday. According to Commander P.B. Sørensen of the Greenland Command, so close that he almost was caught in the wake from the submarine's surfaced conning tower.

Disko Bay is precisely the area from which most reports of foreign submarines come. Although the Greenland territorial boundary includes the bay, relatively great depths of water are tempting for submarine reconnaissance.

"There is no installation of military importance in the area," Commander P.B. Sørensen says. He points out that foreign countries' ocean-going submarines have an obvious opportunity to train in navigation in such waters. This they have for one thing because the Greenland Command has at its disposal neither ships nor planes which are especially well suited to detect submarines.

Another reason that most submarines are reported from Disko Bay can also be the very fine charting of the waters which has been done in the area. This makes it easier for a foreign submarine to navigate without danger of running aground and shipwreck.

"I am an old submarine man myself," P.B. Sørensen says. "Therefore I do not believe that the submarine commander of the observed submarine has been sitting near Akunaaq. He most certainly must have heard the noise from Bertel Sandgreen's boat and realized that he had been discovered. Therefore, he most probably drew farther out to deeper waters where he can hide so that the Gulf Stream plane cannot see him."



On the map above—drawn by Peer Lauritzen—Disco Bay's location on Greenland's west coast can be seen, and in the magnified section can be seen two positions where the submarine was observed, for Municipal Bailiff Bertel Sandgreen is not completely certain which is the right one.

Key:

1. Greenland

2. Greenland Command

P.B. Sørensen is quite sure that it must be an ocean-going submarine which Sandgreen observed. Of this type are, among others, the Russian nuclear submarines in the Victor class and conventional submarines in the Tango class. Submarines operate away from home for two months, as a rule. The tower which Sandgreen saw is according to P.B. Sørensen's information quite large. It is 5 m high and about 10 to 15 m long.

The Greenland Command receives reports of submarines especially in the period from July to October. It is a matter of about a dozen a year. Some reports come from the navy's own units and others from civilians. But there are innumerable hiding

places in Greenland, which with a population of only 50,000 and a land area of 1.2 million square kilometers is almost impossible to watch over effectively. Consequently, the west coast is especially attractive to the Soviet Union, which can be interested in finding places close to the American continent where their ocean-going submarines can be tucked away.



Inspection Ship "Ingolf" on Way to Disko Bay with Depth Charges and Sonar Equipment

Municipal Bailiff Bertel Sandgreen could not be found yesterday. He is out hunting again. Over the municipality's only telephone he reported that he will not make a statement before he has gotten further instructions from his superiors.

Only late Friday evening there was uncertainty regarding a new submarine hunt in Swedish waters. There was military activity off of Sundsvall on the Swedish Baltic coast, but the Swedish defense staff gave no information regarding the hunt.

Military Officer Confirms Sighting

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jul 83 p 3

[Article by Bo Draebel: "Hunt for Foreign Submarine Continues"]

[Text] There was a foreign submarine in Disko Bay between 11 and 14 July. The Greenland Command believes it is able to establish this with almost 100-percent certainty.

"It is not only Municipal Bailiff Bertel Sandgreen who saw something," says Commander P.B. Sørensen at Grønnedal. "There have been a number of reports of observations of various natures."

"Whether there still is a submarine in the bay I cannot say. But we have really reliable observations indicating that there was a submarine during the period of 11 to 14 July."

The search for the submarine in Disko Bay and the submarine which a fisherman reported off Nanortalik continued with unabated vigor through the weekend. At the same time the police and people from Grønnedal took statements from people around the bay who had reported having seen anything unusual.

"We are not finished with the round of interrogations yet," the commander says. "The conning tower on one submarine has been mentioned and some have seen various other parts, and it is not just a question of an individual's observations. We have spoken with people on a small passenger boat and five men on a fishing boat who have given us important information."

In the early morning hours today the inspection ship "Ingolf," which is the navy's largest ship in the area, will arrive at Disko Bay, where the hunt for the foreign submarine will be begun immediately.

Search Continues for Sub

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jul 83 p 3

[Article: "Continued Hunt for Submarine"]

[Text] The submarine hunt in Disko Bay in Greenland continued yesterday although the Danish inspection ship "Ingolf" interrupted its search in order to transport Prime Minister Poul Schlüter and his wife up along the coast.

The defense command reports that after the first searches in the waters it was not possible to prove the presence of any submarine.

In recent days areas in Disko Bay and off Nanortalik in South Greenland, where the submarines have been observed, have been flown over several times.

It was added that the inspection ship "Adglek" and the "Agpa's" surface inspection also did not produce any result.

Expert on Soviet Strategy Comments

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jul 83 p 5

[Article by Michael Rastrup Smith: "British Military Expert: The Russians are Flexing Their Muscles"]

[Text] With the reports of Soviet submarines in Greenland waters an increasingly clearer picture is being drawn that the Russians want to flex their muscles to the West. This is what a leading Soviet expert at the Institute for Strategic Studies in London says.

"I have no doubt that the Russians quite normally operate around Greenland. But I am surprised that they do it in a manner so that they are discovered."

This is what Colonel Jonathan Alford at the Institute for Strategic Studies in London says.

"In light of the submarine episodes in Sweden and Norway I am becoming more and more convinced that the Russians want to show the West that they are a big and powerful nation and that they cannot be kept out."

Colonel Alford's statements come after the Greenland Command has reported that the Greenland trawler "Elias Kleist" Sunday noon for a prolonged period observed the conning tower of a submarine in international waters 50 nautical miles due west of Holsteinsborg.

"We have thought a great deal about the fact that a submarine is now again making itself seen around Greenland," says Commander P.B. Sørensen of the Greenland Command. He is himself an old submarine man.

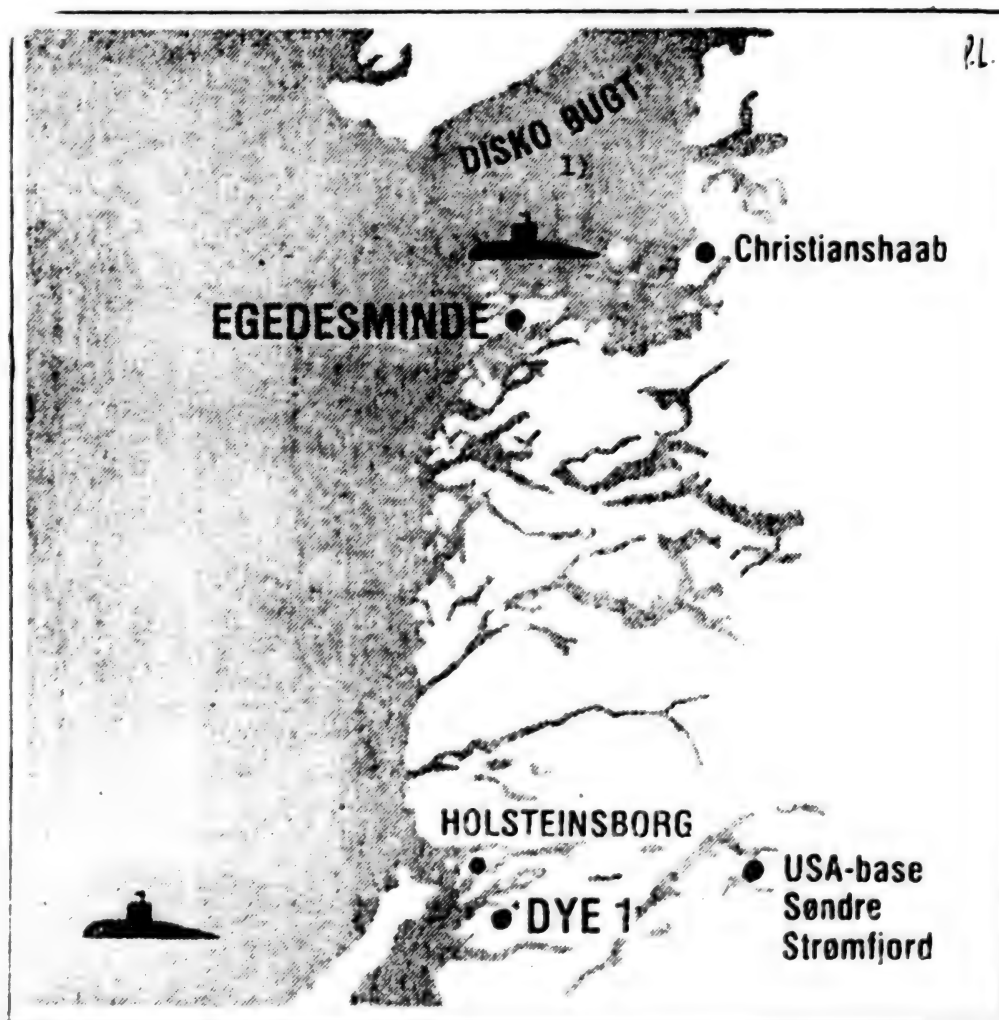
"If it wants to avoid being observed it could pull out as easily as scratching one's head. Therefore, it is natural to believe that it is the same submarine which numerous people have observed in Disko Bay recently. The reason for surfacing in international waters off Holsteinsborg is to signal that it is no longer in Disko Bay."

During the last couple of days the police have taken statements from people in the area around Egedesminde. It appears that a good many others and on more occasions than first believed have observed the submarine in Disko Bay.

"According to these statements we are now certain that the submarine has been observed both in Smalsund, near Grønne Ejland and north-northeast of Akunaq," Commander P.B. Sørensen says.

At the Institute for Strategic Studies, Colonel Jonathan Alford says that the Russians' undisguised appearance in Greenland waters can well be due to the fact that they have been encouraged by the operations which they have recently carried

out in Swedish and Norwegian waters. These operations have shown that it is much harder to track and destroy submarines—even in a narrow area—than has hitherto been assumed.



The map shows, for one thing, Disko Bay, where several people say that they have seen the conning tower of a submarine. Farther south 50 nautical miles west of Holsteinsborg is the place where the trawler "Elias Kleist" on Sunday observed a submarine for a prolonged period. Shown on the map in addition is the American air base at Søndre Strømfjord. DYE 1 is a radar and communications station which is a part of the American alert system in the Western World. A British strategist now tells BERLINGSKE TIDENDE that it is as good as certain that it is a case of a Soviet submarine. Drawing: Peer Lauritzen.

Key:

1. Disko Bay

The colonel also points out that the Russians certainly are about to find suitable fjords and hiding places in Greenland waters. Here they are close to the USA's mainland and to the shipping routes which will connect the USA and Europe in case of war. From these positions they will be able to sally forth almost without risk of being discovered by the Americans.

TWO PROMINENT LIBERALS ATTACK PALME 'YIELDING' TO SOVIETS

Stockholm SVENSKA DAGBLADET in Swedish 29 Jun 83 p 3

[Op-Ed article by Andres Kung and Jorgen Weibull: "Effort Toward Adaptability With the Soviets"]

[Text] The latest events in the Bildt affair indicate that the prime minister is motivated not only by personal and party-political vindictiveness. There appears also to be an effort toward adaptability with the Soviet Union and a willingness to put a muzzle on independent newspapers and free debaters in our country, according to Jorgen Weibull and Andres Kung. Andres Kung is a journalist and author, and Jorgen Weibull is a history professor at Goteborg. Both are members of the board of directors of the Liberal Party. Previous contributions: Stig Hadenius 17/6, 21/6 and 23/6, Carl Bildt 19/6 and 23/6, and Kristian Gerner 22/6.

If the so-called Bildt affair, which became a Palme affair, only concerned how individual members of the Riksdag should deal with foreign affairs, the affair would already be ended. In that case one could be satisfied with defending the right of the individual citizen to travel wherever, meet whomever and whenever he wanted as long as he did not commit a crime or demonstrate gross lack of judgment by, for example, leaking secret information--which nobody has accused Bildt of doing.

There is no reason to defend the Conservatives as a party. But for those who want to protect the rights of individual citizens against strong authorities, firms and organizations, it is of course important to react, even when it happens to be a conservative member of the Riksdag who is unjustly attacked by a vindictive prime minister, and in this case a despotic government.

Tomorrow's Policy of Adaptation

But the Bildt affair, which became the Palme affair, is believed to be more serious than that. The latest events indicate that the prime minister is not

only motivated by personal and party-political vindictiveness. It also appears that he is striving to adapt to the Soviet Union, and willing to put a gag on independent newspapers and free debaters in our country.

Previously Swedish social democracy, with Olof Palme at its head, decided to lie low on the Afghanistan question, although it was the first time that the Soviet Union had occupied a country outside the "real" Soviet bloc. Later they chose a low profile on the events in Poland.

And after the change of government last fall, the new foreign minister formulated his so-called Bodstrom doctrine. Many saw it as an accident in the work of an unfamiliar officeholder. But it was clearly a preparation for changing yesterday's active foreign policy to tomorrow's policy of adaptation.

No Invention of Conservative Americans

Now Olof Palme is taking one more step. In RAPPORT on 16 June he claimed that it is not consistent with Sweden's neutrality policy to critically scrutinize the intentions of Soviet leaders. At least not if the analysis agrees with the "demon picture" coming from the United States.

But a viewpoint is of course not incorrect--or correct--simply because it was formulated by someone else. To cast suspicion on those who have a different opinion by asserting that their viewpoint is derived from, or at least agrees with, the opinions of some really unpleasant person or movement is a classical debating trick. But it is not made any more respectable because it is now used by our country's prime minister and his echo in SVENSKA DAGBLADET, future press secretary Stig Hadenius.

The idea that real peace is a precondition for freedom is furthermore not a discovery of recent conservative Americans, as the prime minister is supposed to believe. "No peace without freedom!" was the cry the other day in SVENSKA DAGBLADET by the International Committee for Support of Charta 77. That is of course an opposition movement which Olof Palme previously openly supported, since he called the oppressors in that country "the creatures of dictatorship."

Tyranny a War Risk

Also in our own country certain people for a long time have seen the connection between freedom and peace. Bishop Thomas expressed that in the 1400's, saying "there can be no peace unless freedom is nearby." And Wilhelm Moberg wrote in "Rid i natt" [Riding at Night] that "those who are not free have no peace."

Such words are just as true now as then. Lack of freedom in the East is also a threat to our freedom and peace. A long term and stable peace also

demands freedom for the people on the other side of the Baltic. Oppression can in itself be a risk of war. Therefore "freedom is demanded for people in El Salvador and Afghanistan, in South Africa and the Baltic states, in Chile and Poland," to quote Ola Ullsten from the last congress of the FPU [Liberal Party Youth League].

When Olof Palme accuses the Conservatives of having unilaterally spoken of the lack of freedom in the East, he has good reason for that. One seldom hears the Conservatives condemn oppression so strongly in countries like Argentina, Chile, parts of Central America and southern Africa. But corresponding complaints of one-sided bias can also now be directed against Olof Palme and his party.

Not Successful Peacemakers

Unity within the Socialist International seems to have become more important for Palme and the Social Democrats than solidarity between the democratic parties in Sweden's Riksdag. Communications between the comrades in the Palme Commission seem to have deluded our prime minister into buying our peace at the price of continued unfreedom in the Soviet Union and the rest of East Europe.

But one is no more successful as a peace mediator just because he begins to be silent or speak more softly about those who are persecuted in the East because they fight for a freedom which we here in the West take for granted. Palme can also have domestic reasons for his foreign policy crusade against the Conservatives. Perhaps he hopes to make them more realistic in Swedish politics. Perhaps also to further drive a wedge between the middle parties and the Conservatives by isolating the latter in foreign policy.

No Support for Excommunication Bulls

It is true that many Liberal and Center Party members have become agitated over the Conservatives' expeditions into questions such as fishing limits and antisubmarine warfare in the Baltic, and freezing of existing nuclear weapon levels in our part of the world. But it would still be surprising if Palme attains any of the above-named goals in his campaign.

It does not seem especially likely that the Swedish people would disagree with the demand for democratization of dictatorships in our vicinity. The government can hardly expect respect and support from the Liberal or Center party through public excommunication bulls against special opinion opponents like in the Bildt affair.

Dangerous Reasoning

Most agitating so far was Stig Hadenius' contribution to the debate, especially as he did not once try to deny his role as a flunky in Arvfurstens Palace.

In his first firebrand contribution Hadenius cautioned that "gross generalizations" and "meaningless insults" only increase the suspicions of the Soviet leaders toward us and thereby do not benefit Sweden. But historian and Soviet specialist Kristian Gerner knew that what Hadenius calls "anti-Russian diatribes" are only factual descriptions based on judgments which are common in the four Riksdag parties.

Therefore it is dangerous reasoning which Stig Hadenius and his domestic conspirators are up to. This has not happened in this way in our country since another great power dictator ruled and threatened along the beaches of the Baltic.

Shall we really begin to apply the same submissiveness toward today's red dictators as against yesterday's brown? What conclusions are the Soviet leaders drawing about the effect of their submarine violations, if such adaptability takes place just now, and is apparently sanctioned by the highest authority in our country?

Do Not Jeopardize Unity

What risks of intervention do not exist in a real crisis situation when a government spokesman during the present peaceful circumstances urges the press to dampen its criticism of the Soviets? With such an unusually farfetched interpretation of the meaning of neutrality, Sweden will easily come into the same situation that Germany was in during World War II. Will Sweden allow the great powers, with their reactions and suspicions, to decide what should be written in the Swedish press?

The questions are as serious as they are justified. As supporters of the liberal press and freedom of expression, and a policy of peace and freedom, we will therefore appeal to the prime minister, the rest of the government, and others who are tempted to play with fire:

Invite no foreign power to put a muzzle on free Swedish newspapers!

Do not jeopardize the basic unity of the Swedish neutrality policy by casting unwarranted suspicions on party-political opponents!

Let us all continue within our poor capabilities to try to support those who lack our freedom, peace and material well-being--primarily the peace and freedom fighters who in these days are persecuted in Europe's last dictatorship!

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PAPER REVIEWS DEBATE ON NEUTRALITY, STRENGTH STARTED BY SUB

Stockholm 7 DAGAR in Swedish 1 Jul 83 pp 3-6

[Article by Claes Lofgren: "Sweden's Neutrality Questioned"]

[Text] To frighten the Soviets with rearmament, to "Finlandize" or to turn toward NATO--those are the choices confronting Sweden today. That is what one of the debaters thinks who has joined the highly explosive security-political debate which has raged for several weeks. The holy Swedish neutrality is not so self-evident any more.

On the first of June the temperature rose considerably in the Swedish security-political debate. A friendly and tactful political science professor, Kjell Goldmann, took the heat.

His contribution to SVENSKA DAGBLADET's debate page implied the almost unspeakable--preconditions for a Swedish adherence to NATO. When the issue was last discussed one-quarter of a century ago--when Herbert Tingsten did his worst in DAGENS NYHETER--the motive for Sweden joining NATO was ideological. It was a choice between dictatorship and democracy--between good and evil.

But Goldmann's reason for poking into the security-political dynamite was not ideological. His intention was not, unlike Tingsten, to depict any evil picture of the wicked Soviet Union. Still he implied the same conclusion as Tingsten: a Swedish adherence to the Atlantic Pact in some form.

Goldmann was shaken by the Soviet border violations of recent years. But agitation changed to irritation following the report of the submarine commission:

"I did not exactly want to throw myself into the debate. But when one politician after another said that the submarine violations had not changed our security policy, I thought somebody should react."

Goldmann reasoned approximately this way: The basis for our neutrality is that both major power blocs have the same view of Sweden's strategic and military role. Both must be equally convinced that neither of them have the intention of using Sweden for military purposes. There is thereby no direct interest in drawing Sweden into a future war. If such plans should appear during the development of a war, our strong defense forces would discourage putting them into action.

The submarine violations indicate, however, that the Soviet Union has re-evaluated Sweden's strategic role. The buildup of NATO naval units in the North Atlantic in combination with access to air bases in Norway indicate that the central weight of a future war is moving northward. In order to improve the protection of the Kola Peninsula--where there are large Soviet bases--more advanced air bases are needed than Soviet territory offers today. These are in Sweden. This analysis is shared by a considerable group of people today.

Sweden has therefore been moved from a secondary to a primary target of attack in Kremlin war games. Thereby also the basis for our neutrality policy has been pulled asunder. To say, therefore, as the politicians do, that nothing has happened is no more than ostrich politics.

More Theology Than Realistic Policy

Now Goldmann does not argue that such a reevaluation in the Kremlin is a fact. He discusses from outside the hypothesis of such a reevaluation and what conclusions Sweden can draw from it. Goldmann finds a certain support for the hypothesis in the report of the parliamentary submarine commission. Under the heading "Security-Political Conclusions" it says:

"Continuous or stepped-up submarine activity would...gradually extort the right to more or less operate undisturbed in Swedish territory. The result of such an eventuality would obviously be apprehension and concern. To the extent that these apprehensions turn out to be well-founded, the foundation of Swedish security and neutrality policy is undermined."

The commission's apprehensions simply mean: The Soviet Union's more and more unabashed interest in Swedish territory is forcing the United States to change its war game. The United States is forced to include Sweden as a part of a future area of warfare. To claim, in this situation, that nothing has happened which influences our neutrality policy has more to do with theology than realistic policy.

Three Possibilities

The problem is that nobody really knows what the inner circles of the Politbureau are thinking. Frustration over having to guess about the intentions of our neighbor to the east has made the debate now and then diverge into the blind alleys of personal attacks. Despite Goldmann's having

gone the farthest in his analysis, he has escaped from the coarser attacks. That is probably because he is an academician and not a politician. Goldmann sees three possibilities for reacting to the Soviet border violations.

The first--to rearm the defense forces to the level which would deter the Soviet Union--which he doubts is possible. In the first place we can not afford it. In the second place our technological dependence on the West would undermine the credibility of our neutrality still farther.

The second--to not react at all. The consequence would be a situation in which Sweden is successively drawn all the more into the Soviet sphere of interest. Not totally unexpectedly he dismisses that.

The third way is some form of loose connection with NATO--not closer than the connection Finland has to the Soviet Union with their friendship and assistance treaty. With a threat of attack Sweden would go into consultations with NATO or some NATO countries.

"What would be gained by such an arrangement would be that Soviet actions would be more risky, and therefore less likely. The high price could be an increase in great power antagonisms."

Like Swearing in Church

Without a doubt Goldmann's quiet, reasoned contribution is considered a breach of etiquette in a class with swearing in church. Reactions came quickly. The old conservative leader, ambassador and also professor of political science--Gunnar Heckscher--said that Goldmann "exaggerates the importance of a change which has taken place in security policy conditions."

Heckscher claimed that "as early as the 50's we knew that Sweden was not able to defend itself by itself for a protracted period if a superpower concentrated all its forces against us." Furthermore Sweden lacks common interests with the great powers. The reason is that their policies "are not decided by democratic or communist ideology respectively, but in the interests of power politics, partly outside of Europe."

As the one responsible for the postwar unified neutrality policy he naturally has his and his party's historical involvement to defend.

'Loose Speculation'

In the surge of waves following the storm around the Bildt affair, Defense Minister Anders Thunborg turned up in DAGENS NYHETER on 7 June. He flew the flag of restraint and wrote:

"Seldom have so many 'experts' of varying degrees of influence willingly appeared in so many mass media with more or less loose speculation. Many of these 'experts' should have had the good sense to stop and think."

Thunborg emphasized the importance of convincing the rest of the world that our neutrality policy is firm without specifying how. He criticizes certain debaters for exaggeration--for example drawing parallels between the submarine violations and the invasion of Afghanistan.

He suggests also that a comprehensive change of our defense policy is not taking place. He writes:

"Two hundred fifty million kronor is a decisive extra contribution for anti-submarine warfare. But in relation to the total defense framework of 90 billion over 5 years it is only a marginal increase. In no way does it deserve being called a reconsideration of our defense policy."

On the other hand the defense minister confirms that there is an ongoing and systematic analysis of what the submarine affair means from a "strategic, tactical and technical viewpoint" within Government House. What it will lead to is still written in the stars.

Half Way to a Meeting

An interesting debater is a former department head and research secretary in Metall--Ingemar Engman. As an employee in the firm SAAB-Bofors Missile Corporation he has probably had other interests to defend than when in the early 70's he straightened out the social democratic defense policy.

Differing from other debaters who met Goldmann, Engman meets him halfway. If we lose the conviction that Sweden will not be drawn into the first phase of a great power conflict, the basis for our security policy changes radically. He writes:

"If we are attacked--right at the outset--by the Warsaw Pact, we are almost automatically on the other side."

Engman brushes off the unpleasant thought with the conclusion that through "a farsighted and constructive defense policy" we will "protect our neutrality policy." In plain language his conclusion means: Stop disarming the Swedish defense forces.

Wilhelm Agrell also takes Goldmann seriously. His objections to Goldmann's reasoning are that a Swedish cooperation with NATO would threaten the entire Soviet northern flank--"a threat which would be liquidated at once." With Swedish-NATO cooperation, uncertainty about Sweden's role in a future war would disappear--we would be involved at once.

His perhaps most serious criticism is the question of the value of help from the West. In a critical phase we would perhaps not get the help we need because the United States considers that it is needed more somewhere else in the world. On the other hand Sweden could also be the object of a more forward NATO strategy which would include a demand to deploy nuclear weapons on Swedish territory. The conclusion of that would be obvious.

Increased Exchange With the East

Agrell also questions the consequences of our neutrality:

- Until 1965 the program plan of the supreme commander of the armed forces defined the external threat as necessarily coming from the East. The mission of the defense forces was to hold back the attacker until help arrived from the West.

- Economically and industrially we are strongly integrated with the West. Our agreement with the EC, like previous offers to sell the Viggen aircraft to NATO countries--with a guarantee of continued deliveries even during wartime--should reasonably have made the Kremlin doubt our freedom from alliances.

Agrell's conclusion is instead to try a "consistent freedom from alliances in both directions." That would mean an increase of goods and technology between Sweden and the east bloc. Exactly how such a change would come about politically and economically is not stated. But a FOA [Research Institute of the Swedish National Defense] expert--who desires to remain anonymous--said rather facetiously, "The situation is a little sensitive now, and every so often Government House sends us a memo with its viewpoints on our desire to debate and make FOA contributions." He commented on Agrell's ideas:

"It would require a fantastic restructuring of the entire Swedish society. It would be another type of society. Technology comes from the West in general and the United States in particular. Of course we can not start buying radio vacuum tubes from the Soviet Union when there are cheaper and more efficient semiconductors in the United States."

Faulty View of the United States

Carl Bildt's now almost classical argument that our view of the Soviet Union has been afflicted with a "systematic failure" was met in DAGENS NYHETER by social liberal Carl Tham. He believes on the contrary that it is our view of the United States which is burdened by "systematic failure." Tham argues that the world today is marked by violent anti-Soviet propaganda.

The propaganda has its origin in the White House, and is due less to fear of eventual Soviet intentions than domestic manipulation. The entire American

way of life--strong individual freedom--has been brought into conflict with how the American society really functions. The United States today is a centralized and bureaucratic country. Since that conflicts with the predominant ideals, the politicians get the blame.

Parallel with that, the United States under the Carter administration was internationally humiliated--the hostage drama in Iran, the energy crisis and the invasion of Afghanistan are some examples. By painting the Soviet Union as the great villain, the nation is unified around a common hate object. But to keep the terror alive the propaganda is continuously escalated, and resources are devoted to weapons which will protect the Americans against the evil muscovites.

Tham writes:

"The tough talk of the present administration, the impetuous rearming, brutalization of Central American politics, the obvious self-assertion and efforts to try and appear as the 'leader of the free world'--all that can be seen more as an expression of inner motive power and the need to strengthen inner identity, than as a necessary and inescapable answer to a Soviet threat."

The analyses and conclusions are apparently as numerous as the debaters. Still by the politicians we are assured that Swedish neutrality policy is standing firm. Over the personal attacks, the elegant analyses and the shin kicking there is a feeling stronger than all the others--ineffectiveness.

United States Won Points in Neutrality Conversation

On Monday morning the U.S. foreign minister, George Bush, came to Sweden. He is visiting different countries in Europe to explain President Ronald Reagan's policy, and he was last in West Germany. Bush went directly to Rosenbad and talked with Prime Minister Olof Palme for two and one-half hours. Later he said to the press:

"The United States depends on Sweden's neutrality. The American Government feels no uncertainty about the meaning of Sweden's neutrality policy."

Prime Minister Olof Palme said he understood that the American Government warmly supports the Swedish neutrality policy. He considered it valuable that during the talks with Bush he had the opportunity to explain its meaning.

Both said that the conversation was lively, profitable and conducted in a friendly and constructive atmosphere. It was candid, stimulating, productive, sincere and interesting. This judgment was not merely diplomatic phrases. George Bush explained that he really meant what he said.

Stage manager Maj Wechseltmann stood at Sergels Market with members of the Communist Youth and the Swedish Peace Committee, and protested against "the new military-technical cooperation between the United States and Sweden, which raises serious questions about our neutrality."

Then the "Action Group Against Bush" went to the United States Embassy, but by then George Bush was at Drottningholm, and saw no demonstrations.

Military-technical cooperation was probably referring to the JAS [Fighter-Attack-Reconnaissance] aircraft, which contains parts from American industry. The peace activists are also protesting against the fact that Defense Minister Caspar Weinberger, during his visit to Sweden in October 1981, was taken to see the Musko base.

Then came the submarine incidents, which naturally were reported and discussed in Washington. The WALL STREET JOURNAL and other American newspapers commented on the "ill-omened" theories about the cause of the Soviet submarines' visits which Sweden forwarded to the United States.

According to the newspaper the Pentagon confirmed that they had access to the reports and that they are studying them carefully. According to some Swedish theories, the presence of the submarines in Swedish waters indicates that the Soviet Union is in the process of changing its war plans. And that concerns NATO, which will defend Norwegian and Danish waters.

WALL STREET JOURNAL believes that everything indicates that there is extensive cooperation, which is being kept under the rug in both Stockholm and Washington. It is a sensitive subject, and as Olof Palme silenced Carl Bildt, they are keeping silent in Washington, according to the newspaper. But a Pentagon spokesman said, "It is evident that we can not just sit by as observers on such things."

Two Percent Consider United States a Threat

Nobody knows what the opinion is today on Swedish adherence to NATO. The reason is simple--nobody has dared to ask the question. On the other hand there are other figures from a poll which SIFO [Swedish Institute for Public Opinion Polls] is conducting for the National Psychological Defense Planning Committee. According to the latest regular poll in the beginning of June:

- 42 percent think that the Soviet Union is a threat
- 2 percent think that the United States is a threat
- 2 percent think that the Soviet Union is friendly
- 39 percent think that the United States is friendly
- 46 percent think that Sweden's defenses are too weak
- 6 percent think that Sweden's defenses are too strong.

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DANISH SECURITY EXPERT: SWEDEN THREATENED BY FINLANDIZATION

Stockholm DAGENS NYHETER in Swedish 29 Jun 83 p 6

[Article by Harald Hamrin]

[Text] Swedish defense capability has declined through the years. Swedish foreign policy thereby risks being "Finlandized." When the credibility of neutrality can no longer be maintained with a strong defense, the temptation arises to seek security in a "policy of adaptation" toward the Soviet Union.

The man who originated this firebrand statement is Erling Bjøl, professor of international policy at the University of Aarhus in Denmark, and security policy collaborator in the liberal Copenhagen newspaper POLITIKEN.

Professor Bjøl is an internationally well-known researcher and writer in international and security policy questions. He is also the chairman of the Danish Foreign Policy Institute board of governors. What he has to say about Nordic security questions contributes therefore to the formation of opinion in the outside world among experts and politicians on the security policy issues in Sweden and the Nordic countries.

Doubts About Sweden

In a recent article published by the strategy institute IISS in London entitled "Nordic Security," Professor Bjøl carefully expressed doubt that Sweden can continue its hitherto existing neutrality based on a strong defense. At the same time in an interview with DAGENS NYHETER he went a step farther and said that Sweden is on the way to a "Finland situation."

Bjøl said that so far Sweden has been able to conduct a policy of alliance-free neutrality, and thereby could function as a "balancing power" in the Nordic countries.

But he also maintains that something important in Swedish policy has changed during recent years. Swedish defense expenditures have declined. At the

same time material costs in the defense sector have increased. Swedish defense capability has thereby been hollowed out.

Training time within Swedish defense forces has been reduced, and is today one of the shortest in the world. The navy has been cut back "drastically" during the past 20 years. Among other things it lacks sufficient antisubmarine capability, mines and missiles. Also the army shows large shortages of artillery ammunition, equipment for night fighting and antiaircraft.

Only the air force has succeeded in remaining at a high and good level quantitatively and qualitatively.

Simultaneously with this development the Swedish debate since the end of the 1960's has, according to Bjol, largely come to be stamped by the attitude that "nonmilitary forms of defense" play as large a role as military defense.

"The real security problem, according to leading Swedish Social Democrats, lies in the desperate poverty of the underdeveloped world," said Bjol. Therefore money for defense expenditures should be transferred to development aid.

Professor Bjol said that this shifting of the main point in the Swedish defense debate became all the more clear during the years when the Social Democratic Party was in the opposition. It has continued after the Social Democrats' election victory in September 1982 through the new government's "active peace policy."

"When Sweden tries to look into the future, the central question seems to be whether the country can in a credible way afford to maintain the type of armed neutrality which so far has given it the self-confidence to be able to resist all outside threats against its security," wrote Bjol in his IISS piece.

In his interview with DAGENS NYHETER Bjol confirmed that the trend which he points out in his piece--successively reduced defense expenditures--has been strengthened since he worked on the manuscript last year.

He also emphasized that in its own weapons production, Sweden will be forced for economic reasons to procure more and more components from the West.

"That especially applies to aircraft," he said. "We see here an example of the increasing costs of the neutrality policy. The question is how long that will be consistent with the neutrality policy."

At the same time he is careful to emphasize that the security policy or the neutrality policy--and their credibility--are not only questions of defense costs and weapons technology.

"Credibility is also a question of the foreign policy being conducted, what positions one shows to the outside world," he said.

But even here Professor Bjol sees a trend which threatens the credibility of Swedish policy.

Both the Same

"The voices which are critical of defense have during recent years become louder. The 'anti-West' elements in Swedish policy have increased. They are motivated partly by the 'they are both the same' theory, according to which both superpowers are the same, and both threaten the security of small countries.

"The submarine episodes have naturally countered that," said Professor Bjol.

But he believes that the weakened Swedish defense forces have created pre-conditions for a concession policy of the same type that Finland has had toward the Soviet Union since 1944.

A weaker defense capability is leading Sweden toward "Finlandization," according to Erling Bjol.

9287

CSO: 3650/240

NORWEGIAN SECURITY EXPERT: CONFIDENCE IN SWEDEN STILL STRONG

Stockholm DAGENS NYHETER in Swedish 29 Jun 83 p 6

[Article by Harald Hamrin: 'Sweden's Defense Forces Are Strong']

[Text] Danish Professor Erling Bjøl claimed in an interview in yesterday's DAGENS NYHETER [DN] that the Swedish neutrality policy is no longer credible. Today he meets opposition from Norway. "The talk about increased adaptation to the Soviet Union will not stand up," said Johan Jorgen Holst, head of the Norwegian Foreign Policy Institute. "In Swedish defense policy today there is nothing which gives reason for concern. The Swedish defense forces are still strong measured by international standards. Talk of 'Finlandization' of Swedish foreign policy or of increased adaptation to Soviet desires is both wrong and misleading."

Johan Jorgen Holst, head of the Norwegian Foreign Policy Institute (NUPI) in Oslo definitely differs with most of the viewpoints expressed by the Danish researcher and security policy writer Erling Bjøl in yesterday's DN. Holst believes that Bjøl's reasoning about reduced Swedish defense capability and a resulting "Finlandization" of Swedish foreign policy lacks a basis in reality.

"Bjøl is a historian and he is tempted to draw historical parallels with examples from Denmark's and Finland's history," said Holst. "But the parallels do not stand up. Furthermore, for me 'Finlandization' is a positive, not a negative concept. Finland has been able to create an independence and freedom of action which the East European countries do not have.

Carries Great Weight

Johan Jorgen Holst emphasized that he does not want to take part in the international debate on Sweden's security and neutrality policy. He said that he does not know all the details of recent Swedish defense planning.

But as former permanent secretary in the Defense and Foreign Ministries in Oslo during the social democratic time, and as a leading debater in Norway and within NATO on defense policy questions, his words still carry great weight. He is one of the few foreigners who is a master of the essentials of Swedish security policy thinking and who furthermore played an important role in the international debate about the security policy situation in northern Europe.

"The outside world is really not especially concerned about Sweden's defense policy," he said. "Knowledge of the Swedish defense budget is small, if it goes up or down a couple of percent."

What influences opinion in the outside world is instead dramatic events such as the grounding of the U-137 off Karlskrona, and the antisubmarine search off Sundsvall.

"Such events for the outside world's opinion of Sweden more than the size of the Swedish defense budget," said Holst. "And the submarine incidents have shown that Sweden is ready to take the necessary measures and speak out when Swedish sovereignty has been violated. On that point I have not heard anyone from abroad express concern."

High Level

As to the concrete defense plans, Holst recognizes that Sweden has difficult balancing problems.

"But it is nothing unique for Sweden that when modernizing different weapons systems today the number of weapons must be reduced," said Holst. "And in comparison with other small and neutral nations Sweden is starting from a high point of departure."

Today Sweden has about 400 aircraft assigned to its air defense. Norway--admittedly with half the population--has recently decided to modernize its air defense by purchasing 72 American F-16 aircraft.

"And that was the limit of what we could manage," said Holst.

No Worry

What is important, believes Holst, for the opinion of the outside world, including Norway, about Swedish defenses and the credibility of Swedish neutrality policy, are two things:

- Sweden must maintain a strong defense in Norrland, an area of central strategic importance in the border area between the Soviet Union and NATO.
- Sweden must also have a strong air defense, so that Swedish air space will not be easily accessible for other powers.

"Apart from that there is no reason for Norwegian worry," said Holst. "Neither do I see any signs in the development of Swedish defense that because of declining physical capacity they will largely be forced into adaptation with the Soviet Union."

Holst also emphasized two other circumstances:

- One should not stare his eyes out at the size of the defense budget. It is just as important to see what they will get within the existing economic framework.

"From my time as permanent secretary in the Defense Ministry in Oslo I can say that an increase of the defense budget by one or two or three percent means relatively little. The big question is what effectiveness they will get from the resources and how they assign priorities to the existing resources."

- A defense which in the long term will retain its credibility must be built on a sound general economy--an economy which can support defense costs without itself being undermined.

"It is important to have broad national support behind the defense policy," said Holst. "And as defense is a controversial part of the national structure in a time of economic crisis, that leads to speculation and uncertainty about the credibility of the defense policy. That is more dangerous than broad and general support behind a defense which is somewhat weaker."

Practical Questions

Holst also said that as a Social Democrat he considers this especially important, since within the Norwegian--as well as the Swedish--social democracy there is always critical attention paid to defense.

Holst also differs with Professor Bjol's assertion that increasing weapons technology cooperation with outside countries can be seen as "an example of the increasing cost of the neutrality policy." Most other small neutral countries do not even have the amount of "self-supply" in weapons production that Sweden has. The extent of weapons import is a practical question, according to Holst. It is not a question of principle which impacts on basic questions of neutrality.

Holst concluded by emphasizing the value of an open debate on security policy questions.

"It is clear that a domestic debate can influence how other countries shape their policies toward Sweden, for example," said Holst. "But security and foreign policy can not be withdrawn from public debate and democratic testing."

9287

CSO: 3650/240

AUSTRIAN EXPERT: NORDICS NO LONGER ON MILITARY PERIPHERY

Stockholm SVENSKA DAGBLADET in Swedish 28 Jun 83 p 3

[Op-Ed article by Karl E. Birnbaum: "Our Security Policy and Strategic Position--We Are No Longer on the Strategic Periphery"]

[Text] Karl E. Birnbaum is professor of political science and head of the Austrian Institute for International Affairs. He was previously head of the Foreign Policy Institute. Previous contributions to the debate: Kjell Goldman 1/6, Gunnar Heckscher 7/6 and 9/6, Ingemar Engman 12/6, Carl Bjoreman 14/6, Wilhelm Agrell 16/6, Stig Hadenius 17/6, 21/6 and 24/6, Carl Bildt 19/6 and 23/6, Kristian Germer 22/6 and Bengt Wikander 26/6.

The submarine violations have stimulated debate about the credibility of Sweden's security and neutrality policy. It is not so surprising that voices are being raised for reconsideration of the traditional policies, considering the events which have happened. It is even more understandable that the government has emphasized that it is staying the course.

Swedish security policy since the war has been derived from four basic premises which have not been seriously questioned in public debate. The first has been the assumption that Scandinavia and the waters around our coasts do not comprise an area of central strategic significance in case of an armed conflict between East and West. We have considered ourselves to be on the periphery of the continent's strategic central countries, and thereby outside of a possible battlefield in Europe.

A second assumption which formed the foundation for Swedish security policy has been the understanding that the risk of Sweden being drawn into a new major European war was not so great that our entire policy should be determined from that perspective. Even during the most acute phases of the cold war it was considered that the possibilities of avoiding an armed conflict were sufficiently great to motivate Sweden's efforts to keep its own territory apart from the blocs and big power confrontations.

As a third basic premise--partly a consequence of the first--one can point out that Swedish defense planning has been derived from the belief that our country is not a primary target of attack, but that a potential attacker would devote only limited resources to destroy Swedish defenses. Sweden's defense dispositions have been proportioned accordingly, and also considering the importance of avoiding a military confrontation on our borders in peacetime.

A fourth basic premise for Swedish security policy should finally be the realization that a great war in Europe, even though our country is not immediately drawn into it, must have catastrophic consequences for us. This realization has, among other things, motivated Swedish efforts at reduction of tensions, arms control and disarmament.

More Important Region

Have the strategic developments in our part of the world actualized a reconsideration of these basic premises, and if so, what are the consequences for Swedish security policy?

As a result of world political and weapons technical developments during the 1970's, not the least the Soviet Union's growth into a military superpower with worldwide interests and a demonstrated capability to intervene anywhere in the world, northern Europe and the adjacent sea areas have become a more important region in the superpowers' global strategy.

The belief that Sweden is on the periphery of a conceivable military confrontation between East and West is therefore unfortunately misplaced. The submarine violations should help confirm this idea.

But that does not mean that the second basic premise for Swedish security policy--the unlikelihood of a major war in Europe--has lost its validity. During the 1980's we have certainly experienced a marked increase in international tension and rearmament, plus a frightening lack of effective communication between the superpowers. The risk of war has therefore undoubtedly increased.

A factual analysis of the rearmament situation and the constellations of interest of the great powers gives, however, according to my opinion, no justification for the conclusion that an armed conflict is imminent, or in the longer term inevitable. On the other hand one can ask if it is realistic to assume that Sweden would not be a primary target for attack in the event that a major war nevertheless broke out.

If we are compelled to confirm that northern Europe today comprises a global strategically important region, we must reasonably come to the conclusion that our security political situation is more exposed than many of us are accustomed to believe. The submarine violations are a reminder of that grim truth.

If one accepts the above reasoning, it should not be difficult to recognize the increased importance of the fourth basic premise for Swedish security policy: the realization that any major conflict between East and West must have catastrophic consequences for our country.

Difficult to Reach Unity

Then what are the conclusions of this necessarily summarized analysis of the future form of Swedish security policy? Of the three alternatives which Kjell Goldmann mentioned in his piece, he himself has stated a totally decisive argument, in my opinion, against submissive adaptation to the Soviet Union's interests: a countermove from the NATO side with an accompanying increase in great power confrontation in northern Europe in peacetime.

The same argument can be stated--and has been stated by Goldmann--against alternative western cooperation, for example in the form of a Swedish equivalent to Finland's treaty of friendship and assistance within the framework of a modified neutrality policy. I believe besides that it would be extremely difficult to reach the necessary domestic unity for such a change of course, unless the Soviet threat against Sweden's independence increases dramatically.

Least Repulsive Line

There remains an insistence on the existing neutrality policy supported by a strong, a necessarily strong, defense. It is evident that this course of action is, for most people, the most attractive--or the least repulsive--according to the debate inputs, including Goldmann's and Ingemar Engman's.

That this is more and more problematical is equally apparent. Besides the difficulties of financing and independent weapons procurement, there is a third problem which can not be overlooked and which can be glimpsed in Anders Thunborg's debate input (DN 4/6 1983): how can we in a more exposed security policy situation support a strong defense without a "front line atmosphere" spreading through the country, which would counteract one of the most important goals of the neutrality policy in peacetime--to reduce international tension in our part of the world.

More Expensive Defense

There is no simple way out of this dilemma. A relatively strong Swedish defense is going to be more expensive. Our dependence on weapons technology is nothing new. Viggen could not have been built without long-standing cooperation with the United States.

But the ambition to have a relatively independent Swedish weapons procurement is going to confront us with an even more difficult balance between costs, dependency and defense effectiveness.

I believe, however, that none of these problems is of such a nature that we must today seriously consider any of the obviously worse alternatives which appeared in the debate, with the condition that we must--to quote Engman's words--manage what we have in the right way. Our future, however, belongs not only to our defense resources, but also to an active Swedish peace policy.

Policy of Reduction of Tension

Awareness that we, in case of a major war in Europe, must expect--perhaps immediately--catastrophe for our own country should create the possibility of broad support for a program of action intended to prevent the outbreak of war.

Our defense efforts must therefore be complemented by an active policy of reduction of tension, arms limitation and improved communications between the great powers. By this active peace policy, and also with our own defensive deployment, we can support the forces which are working for clearly defensive defense structures in East and West, and thereby contribute to reducing the mutual distrust.

But our primary contribution to reduction of tension continues to be a logical neutrality policy which makes it clear that despite our more exposed situation we intend to do our utmost to keep Swedish territory outside the global strategy of the superpowers.

9287

CSO: 3650/240

DENMARK, NORWAY DISPUTE SEA LIMIT IN NORTH ATLANTIC

Helsinki HUFVUDSTADSBLADET in Swedish 24 Jun 83 p 5

[Text] "Only an international court of arbitration can settle this dispute," Danish Foreign Minister Uffe Ellemann-Jensen said at a meeting about Jan Mayen Island with his Norwegian colleague, Sverre Stray. If for no other reason than to irk the Danes, the Norwegian meteorologists working on Jan Mayen raise the blue-white-red flag every morning so that everyone will know that Norway is the boss.

Denmark and Norway are disputing the territorial waters around Jan Mayen. The officials argued in late 1980. Now the officials have given up, and the matter has gone to the governments.

Jan Mayen is a rocky island of 372 square kilometers. Until 1610, no one knew it existed. It was discovered by Norwegian seamen, but remained without population and nationality until the Storting in Oslo in 1929 declared the island Norwegian. Since then it has been the base for a dozen Norwegian meteorologists who make observations -- and this is what it still is.



If one looks at the map, one sees that it lies closer to Danish Greenland than to the Norwegian west coast. The distance from Jan Mayen to Iceland is 290 sea miles, to Greenland 280, and to Norway about 500. But Norway has received international approval that the island is Norwegian.

The dispute is not just about the island, either -- the Danes don't want to touch it. "We can look at the stars and the moon from somewhere else," they say. "We don't want Jan Mayen for this. But if there is fishing to be done, then that is something quite different." Very simply, Denmark wants Norway to give the Greenlanders a full 200 mile zone on Greenland's east coast in the waters toward Jan Mayen. Norway demands a 200 mile zone around Jan Mayen.

Fishing is expanding now. The territorial limits have increased to 200 nautical miles in the past 10-20 years. One country after another has adopted a 200 mile coastal zone. These new zones are now recognized internationally. But in those cases where the distance between countries is less than 400 miles, the countries cannot each get 200 mile zones. In such cases, the middle line is usually used.

In the case of Jan Mayen, in the meantime, neither Denmark nor Norway has gone in for this Solomonlike solution. "If worst comes to worst, the middle line solution is O.K.," both say. But it will not come about without swordplay. This can, by the way, almost be taken literally. Both Danish and Norwegian warships have patrolled the area with loaded weapons since 1980. Cod is at stake here, and perhaps sometime in the future, oil. The latter potential does not make the dispute easier to solve.

Not "Real Countries"

Norway's argument is: "We decide. The island belongs to us. It is the last Norwegian outpost toward the west. We demand 200 miles of territorial waters around Jan Mayen. Eastern Greenland is so sparsely populated that one cannot regard it as a 'real country' with obvious economic rights to a territorial zone."

The Danish argument is the opposite: "Jan Mayen is an uninhabited island. It can in no way be considered to be the starting point for a Norwegian 200 mile zone. Such zones are only granted by international law to independent areas with their own economies. Jan Mayen has no population of its own and no economy of its own. The Norwegian meteorologists there have been sent there, and they get their living from Oslo."

Iceland has also become involved in the dispute. A few years ago Iceland demanded the same as Greenland, that is, 200 miles. After a tough tug-of-war, the Icelanders got their way. The justification was that Iceland's whole economy is based on fishing.

"The Same as Iceland's"

"Greenland's is, too," the Danes say. "The fact that the population at precisely that part of Greenland that points toward Jan Mayen is thin doesn't change anything. Greenland's economy is just as dependent upon fishing as is Iceland's. Therefore we demand the same 200 mile zone that Iceland received."

But Oslo echoes its no, and the dispute has now come up to governmental level. The Icelanders have been requested to give their opinion. They say the Norwegians are right, and this has naturally angered the Danes. The Icelanders have themselves attained a 200 mile zone, but now they do not think the Greenlanders should get the same!

Choose the Opposite

Why this lack of logic? It is not that Reykjavik has any special love for Norway or hatred for the Danes. No, Reykjavik speaks only in its own behalf. Some day fishing -- and possibly oil -- rights will be negotiated in this part of the Arctic Ocean that the Norwegians call the Northern Ocean and the Danes the Greenland Ocean, that is, the ocean around Jan Mayen. The experience of the Icelanders in such negotiations is that things go better with Norway than with the tough Danes. The larger the Norwegian zone becomes, the greater amount of negotiations that will take place in Oslo instead of in Copenhagen.

Now it is a matter of cod. One day it can become a matter of even more valuable things -- gas and oil. Therefore the otherwise peaceful Danes and Norwegians are fighting.

9124

CSO: 3650/242

COPENHAGEN AREA DRINKING WATER THREATENED BY CHEMICALS

Stockholm DAGENS NYHETER in Swedish 6 Jul 83 p 7

[Article by Ake Ringberg, DN correspondent in Copenhagen: "Poison Ruins Drinking Water"]

[Text] A new Danish poison scandal--one in a long series--is disturbing to Danish environmentalists since it was discovered that a large phenol spill outside Copenhagen is making the water in that area undrinkable for 50 years. The state will now invest 400 million kroner to clean up chemical and poison dumps during the next 10 years.

The latest scandal has hit a large residential area around Ballerup outside Copenhagen. The area belonged to the former firm Cheminova, which has caused spills in the Limfjord and North Sea on Jutland's west coast, also bringing strong environmental protests. The poison in Ballerup came from Cheminova's factories for plant-protection agents during the years 1944-53. After that the factory moved to Jutland.

Takes 50 Years

It is going to take at least 50 years before all the phenol-poisoned ground water around Ballerup can be cleaned and pumped away. In the upper ground water storage most water drilling has been stopped, and Greater Copenhagen's water supplies are losing one million cubic meters of drinking water. Even the middle storage is poisoned, and the drinking water has been tainted for a long time.

Pollution was discovered in the combined water from 14 wells in a nearby area. Phenol pollution exceeded the maximum allowed by at least 100,000 times.

Fifteen years after the Cheminova factory moved a large number of poison barrels were discovered buried in the ground along a railroad line. A number of the barrels were removed by the civil defense. It was thought that the barrels contained mustard gas from the German occupation of Denmark.

Very Expensive

It will cost so much money to clean the area that the Water Quality Institute is going to turn the problem over to the Ministry of Environment and the Environmental Agency. But preliminary drillings already show that the phenol poison covers a very large area, and the concentrated chemical dumps have not yet been found.

The poison barrels have crumbled away during the years, and the poison has leaked out in the ground. In a number of cases it is suspected that the poison poured out directly.

It has not yet been decided who is finally going to take over this difficult job, and who will pay for it, but according to a new law about the cleanup of poison dumps which were dug before 1 April 1976, 400 million kroner will be spent during the next 10 years for that purpose.

An investigation conducted in 1980-82 disclosed that throughout Denmark there are 500 sites containing chemical wastes.

9287

CSO: 5000/2594

AGENCY SOON TO BAN FLUOROCARBON SPRAYS

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 83 p 9

[Article by Dan Axel: "Prohibition of Spray Cans"]

[Text] The Environmental Protection Agency is preparing a general ban on a special propellant gas that is employed in a great many spray cans for daily use in this country.

The prohibition will mean that many products, including deodorant sprays, will have to be changed and many producers will incur considerable expenses.

"It is the propellant CFC--chlorfluorocarbons--that we want to get reduced use of because we partly know and partly assume that it is a factor in breaking down the ozone layer in the atmosphere. That, in turn, can be a danger to public health, and it can have other dangerous effects. For example, it can be harmful to the plankton in the sea," said Chief Engineer Albert S. Welinder, of the Environmental Protection Agency, to BERLINGSKE TIDENDE.

"CFC" can only be permitted in strictly necessary cases--in medicines, for example," he said.

In the spray products branch of industry, they expect to encounter big problems in switching over to the use of other propellants in spray cans. Many sources have told BERLINGSKE TIDENDE that attempts have already been made during the past 5 years to reduce the use of CFC. It is believed that the Environmental Protection Agency's proposal of a general ban and a subsequent list of acceptable products is "an over-reaction."

Since 1976, Danish producers have reduced their use of CFC by 50 percent in conformity with the suggestion of the Council of Ministers of the Common Market.

"But that is not enough," Albert S. Welinder says. "So, along with a general ban, we recommend that there should be fixed rules for the use of spray where certain products are concerned--in the case of outdoor use and in fixed concentrations, for example."

The Environmental Protection Agency has sent its draft announcement to the Ministry of Environment, where Minister Christian Christensen states that he will make a decision in regard to it "as soon as possible." In a reply to Holger K. Nielsen (Socialist People's Party), the Minister of Environment said they had also had a number of probing discussions with the organizations and agencies that are directly concerned.

"And we were very close to reaching a spontaneous agreement with the parties," Chief Engineer Welinder says, "but it fell through at the last second. Nevertheless, our draft of new rules has been prepared in such a way that it is very close to what we were on the point of agreeing on."

9266

CSO: 5000/2592

BRIEFS

NITRATE POLLUTION OF WATERS SURVEYED--More than 50 experiments and studies have been started to get the nitrate pollution of Danish ground and surface water charted. Most of the studies are taking place under the aegis of the Environmental Protective Agency, but the Danish Heath Society and the Danish universities are also involved in the work. That is evident from a summary that was sent to the Folketing's Environmental Committee by Minister of Environment Christian Christensen. The problem of nitrate pollution is becoming particularly interesting at the present time because it was announced last fall that the use of fertilizer would have a contaminating effect on ground water. The Ministry of Agriculture is also involved in charting the pollution. Among others, the Danish Plant Experimentation Organization is engaged in making a long series of measurements at its experimental stations all over the country. For example, the office for processing data on areas, which comes under the Ministry of Agriculture, has investigated, in 35,000 soil tests, how nitrate is washed out in Danish farmland. And since they still were working on laying the DONG's [Dansk Olie og Naturgas] main pipeline for gas, they studied the draining conditions in the soil and its nitrogen and phosphorus contents. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Jul 83 p 1] 9266

CSO: 5000/2592

SOIL EROSION RECOGNIZED AS BIGGEST ENVIRONMENTAL PROBLEM

Stockholm DAGENS NYHETER in Swedish 27 Jun 83 p 24

[Article by Lasse Johansson, DN correspondent in Iceland: "Erosion Is Iceland's Greatest Environmental Problem"]

[Text] The greatest special environmental problem on Iceland is erosion--removal of the earth. In the summer 2 million sheep and nearly 100,000 horses graze away the fragile ground cover and expose the earth to the wind.

When the first vikings came to Iceland at the end of the 800's men began to cut the trees and expose the earth to what is today one of its most difficult problems.

Ravishment

Volcanic eruptions--lava fields and falling ashes are killing plants and trees--climatic changes, population growth, a growing population of sheep, rapid expansion of cities and unrestrained motor tourism have caused Iceland today to have growth cover on barely one-fourth of the land, compared with 60 percent which was covered before people came to the island.

Before the vikings, sheep and tourists, one-fourth of the island was covered with forest. Today only barely one percent remains. The forest which would protect the earth against the ravishment of the wind is cut down or burned and can not be restored despite large efforts at reforestation.

And although one can see today how the earth is literally blowing away, it is difficult to get understanding for the strong measures which are necessary to stop erosion.

"All the areas where there is erosion should be closed to sheep for 30-40 years. But that will not happen, the farmers' influence is too great, so the problem is just being shoved into the future."

That was said by Eypor Einarsson, who is chairman of the Nature Conservation

Council, a small government agency under the Ministry of Culture.

The entire island is, however, not equally vulnerable to grazing. It is primarily the porous, easily eroded earth in the volcanic zone which cuts across the island which should be protected from both sheep and tourists.

"Tourists are exactly like sheep, they go where it is best," said Thorleifur Einarsson.

He is chairman of Protection of the Land, an environmental organization with 68 organizations and three(!) individuals as members. Protection of the Land works with education and propaganda to create greater awareness of the fragile natural environment.

Traffic Police

Each year about 70,000 tourists come to Iceland. Many of them come for the remarkable nature, and a large number want to visit the unpopulated and unusual inner sections of the country. That has brought about safari trips with all-terrain vehicles to remote areas.

"This year for the first time we began to look after the tourists with the help of traffic police on the roads in the highlands," said Eypor Einarsson of the Nature Conservation Council.

"That is a big success, and it is also the first time this season that we have closed off roads in the highlands until they have dried out sufficiently."

Even though ground erosion darkens the otherwise clear air, there are glimmers of light in nature conservation work. A large international rally competition, in which during the summer people would drive back and forth over the inner fragile areas, was stopped by pressure from nature conservation groups.

And even though it takes time to change the attitude of an entire nation that resources are inexhaustable, there are signs that they are on the right track.

Conservatives

"There are more and more people, especially among the young, who understand how important it is with the earth," said Thorleifur Einarsson.

"We still do not know, however, whether the big campaign begun in 1974 against erosion and for reforestation has produced any results. It takes time, and we have only worked in land protection for 12 years, and the

farmers and conservatives are strong. If they begin to understand how important it is with the land, it will be also understood in the parliament.

"We hope there will be some land remaining at that time!"

Natural and environmental protection on Iceland naturally deals not only with destruction of the earth. The fish in the sea, the backbone of the economy, are an important question, as is hydroelectric power and industrial development, and the almost nonexistent sewage disposal.

But protection of nature is not a hot issue in Iceland, not among the politicians, either in their daily lawmaking or at election time, and certainly not among the fully 220,000 Icelanders who have had enough of working extra to be able to afford to live, build houses and buy themselves a large new all-terrain automobile.

9287

CSO: 5000/2595

BRIEFS

NEW CHEMICAL WASTE LEGISLATION--The demand is now increasing for export of environmentally dangerous waste, according to a decision by the government on Thursday. In the future the waste will be exported from this country if it can be better handled abroad than at the Sakab sites. [Text] [Stockholm DAGENS NYHETER in Swedish 1 Jul 83 p 6] 9287

CSO: 5000/2594

RABAK HEAD ON EFFORTS TO COMBAT POLLUTION

Istanbul DUNYA in Turkish 18 Jul 83 p 3

[Interview with Turhan Yilmaz, Manager of Rabak Factory, by Tulay Filiz: "As Industrialists We Do All We Can to Prevent the Pollution of the Environment"; date and place not specified]

[Text] Turhan Yilmaz, manager of the Rabak Electrolytic Copper and Copper Products Corporation factory, who emphasized that industrialists are doing all they can to save the Gulf of Izmit from its actual pollution said:

"Kocaeli should have been developed either as an agricultural or as a tourist center. The biggest mistake is to have chosen this province, which is one of the country's most beautiful areas, as an industrial center. The mistaken selection is perceived as the sole factor for the air and sea pollution in the Gulf and its surrounding area. At this point pollution of the environment in this area is an inescapable fact and no solution can be found for it. All the foreign guests and officials who come to our company call the Izmit Gulf zone the Riviera of Turkey. Yet, by giving incentives to this area the establishment of industry and even of heavy industry was ensured. Every plant established here submitted projects to the government before getting established and began functioning only after those projects were approved. The lack of purification installations should have been pointed out from the start and projects for such installations also should have been demanded categorically, according to capacity. Projects which have no purification installations should not have been approved or encouraged.

DUNYA: Is there nothing to be done from now on to solve the problem?

Yilmaz: As industrialists we are doing, in fact, all we possibly can. As for what we do not do, it is what we do not know. Tabitak has no purification technology according to each of its units. They too are going on with their research. This not a problem which can be solved by pressure. As for us, we implement 3 systems to purify the wastes of our plant. The liquid wastes are channelled into settling basins. There oily wastes and harmful substances are separated and stored. The water that remains is poured into the creek, after being neutralized. As the head of this plant I am striving to function under the best existing conditions. We are one of the 2 or 3 firms, among the manufactures in this area, which first build purification installations. These installations work with constant record keeping and checking. In our own control laboratories analyses are made daily and records are being kept. As a result of this I claim that Rabak does not discard any harmful substances into our environment. Our wish is that the new law be passed and implemented as soon as possible.

DUNYA: What are the other factors, outside of industries, in the pollution of the Gulf?

Yilmaz: I want to say this first: industry is being unjustly accused on this matter. There is not one square meter empty in the area surrounding the Gulf. What are the measures taken about housing wastes, detergents? There is a big port in Izmit. Every day a large number of ships come and go. What measures are taken about their bilge water? The bay is totally closed, it has no means of self-purification.

Even if the city drains went far out, since there are no currents in the bay, they could not flow. Pollution will come and go according to the prevailing winds. It is evident that we have a very large and widespread problem.

DUNYA: Is it not possible, at least, to prevent a worsening of this situation?

Yilmaz: Some remedies do come to mind, of course. Construction could be stopped in the vicinity of the Gulf. Industrialists could be asked to do their very best, while the State might do all it can about the town pollution. By cooperating, we can minimize the damage done to our city and its environment.

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